

**Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Digitising European Industry: Reaping the full benefits of a Digital Single Market (COM (2016) 180 final)**

**FINAL DOCUMENT**

The Committees on Transportation and on Economic Activities of Italy's Chamber of Deputies,

having examined, pursuant to Rule of Procedure 127 of the Chamber of Deputies, the Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Digitising European Industry: Reaping the full benefits of a Digital Single Market (COM (2016) 180 final),

*Whereas:*

The digitisation of industry presents us with a great opportunity to increase the productivity and added value of European businesses, and opens the way to creating quality jobs and boosting the growth of the entire economy;

By stepping up the pace of digitisation, European industry can become more effective at defending its global competitiveness, especially in high and medium-high technological sectors (pharmaceuticals, plant engineering, chemicals, machinery and equipment, mechanical engineering and transportation), as well as in many service industries;

We need to make up for the delays that Europe in general, and Italy in particular, have accumulated vis-à-vis the most dynamic and technologically advanced economies through especially intense efforts and the adoption of a coherent strategy based on specific incentives that promote the use of digital technologies, particularly those related to the so-called internet of things. At the same time, Europe needs to create conditions supportive of a system in which information and data of every type can be collected via diffuse networks of sensors. Meanwhile, the growing interconnectedness of devices, objects and the internet should be steered towards productive ends so that they may contribute decisively to the development of economic activities;

Whereas digitisation offers enormous advantages, such as enhanced product quality, faster production, more flexibility in manufacturing and greater environmental sustainability, it also poses several problems relating to the governance of the process of change, the availability and sourcing of adequate financial resources, the adaptation of education and training to the new reality and – a particularly delicate issue – the impact on employment;

The rapid and widespread digitisation of Italian manufacturing is now a pressing matter of concern, not only because digitisation is absolutely necessary for the preservation of the areas of specialisation of the Italian manufacturing sector, and, therefore, necessary for raising the level of Italian manufacturing competitiveness and its capacity to generate added value, but also because we need to make sure our country does not end up being forced merely to bear the consequences of a process that is already under way, since any failure to grasp the opportunities of digitisation would lead to a crowding out of our national companies by competitors from more innovative countries and emerging economies, as well as to job losses;

The Committee on Economic Activities, meeting on 2 February 2016, approved the setting up of a fact-finding inquiry into: “Industry 4.0: a possible model for Italian production. Instruments for promoting the digitisation of the national system of industry”;

The final document approved unanimously at the meeting of 30 June 2016 (Doc. XVII, no. 16), in accordance with Rule of Procedure 144, paragraph 3, sets out the findings of the inquiry,

do hereby express a favourable opinion

*with the following remarks:*

- a) If the EU as a whole is to grasp all the opportunities made available by the digitisation of industry, it is absolutely essential for it to have at its disposal an adequate infrastructure of next-generation networks that use all the technologies currently available, including as a priority, wherever financially possible, fixed fibre-optic networks;
- b) The infrastructure should be able to deliver an optimal data rate not only in download but also in upload, and should cover the entire national territory;
- c) In furtherance of this goal, and while expressing appreciation for the recent initiatives to enhance infrastructure in “market-failure” areas, especially in the inland areas of southern Italy, particular attention should be paid also to the most industrialized parts of the country, to industrial districts and to urban areas, as these are the engines of growth and innovation;
- d) It is therefore of priority importance to promote public and private direct investment to upgrade infrastructure, roll out a combination of measures, and deploy every useful means, both at a European and at a national level (including the European Fund for Strategic Investments, structural funds, and funds that the EIB can release in larger amounts);
- e) To overcome the uncertainties that have hitherto held back infrastructure modernisation, we must craft a coherent set of coordinated measures that operate both on the supply side, so as to induce operators to make investments (which will also entail offering tax incentives to

guarantee their profitability), and on the demand side, so as to encourage consumers and potential users to prefer products with high-tech digital content;

- f)* At both a European and a national level, an effective system of governance is needed for the digitisation of industry, also in view of the heterogeneity of Europe's manufacturing industry and the different degrees of preparedness of its Member States. The objectives need to be clearly stated so that successes and failures can be judged impartially, and we must continually carry out ex-ante, interim and ex-post evaluations so that the necessary corrections and adjustments can be made to maximise the results achieved with the resources available. To this end, and in order to pinpoint best practices, it may be very useful to provide Member States and European institutions with a comparative analysis of the various actions taken and the outcomes they have achieved;
- g)* Domestically, Italy needs to equip itself with a comprehensive plan of intersectoral scope underpinned by a strategic vision and guaranteeing the mutual coherence of the various measures, such as several European countries have already adopted in recent years. The plan should lead to the building of the five pillars indicated in the final document produced in conclusion of the aforementioned fact-finding inquiry into "Industry 4.0", which is to be considered an integral part of this Opinion;
- h)* The comprehensive plan will also need to lay out the technical conditions so that data acquired in bulk may, through the application of "data analytics", be translated into usable, measurable and extractable information whose content can potentially be exploited as a key element of innovation in manufacturing processes and deployed for the enhancement of added value;
- i)* To encourage digital evolution, the next government fiscal stability law will need to encompass measures to promote innovation and boost investment in the digital and technological fields, and therefore must include adequate financial incentives, forms of tax relief and an extension of the so-called "super-depreciation" provision;
- j)* Specific support measures are needed for SMEs so that they may participate fully in the process of digitisation and slot into industrial value chains. These measures include raising awareness of digitisation, improving access to funding, supporting business clusters and regional partnerships so that SMEs may have the opportunity to develop new products, and thus expand their customer base, with particular regard to customers from rapidly developing countries with strong growth potential;
- k)* Action is needed at a European and at a national level to improve digital skills in different spheres: in manufacturing, both among managers (to strengthen their ability to manage innovation processes) and among workers; and in education and training, to accelerate the introduction of new skills and capabilities in school and academic syllabuses, develop the

necessary professional competences, and set up suitable systems for the monitoring and certification of acquired skills. The action will entail developing not only specific skills in these spheres, but also, and above all, developing the right competences for the management of complex situations, while focusing on creativity, flexibility, and a spirit of collaboration. This will require a strong collective effort at a national level in view of the backwardness of our system of education and training with respect to those of other major Member States. In particular, all necessary steps must be taken to increase the number of graduates in scientific and technical subjects;

- l) More public procurement needs to be channelled into the purchase of technology-intensive digital products, and effective incentive measures are required to bolster investment spending in digital R&D by private and public partners alike.