



EUROPEAN COMMISSION

*Brussels, 11.01.2017
C(2017) 7 final*

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Communication "Digitising European Industry – Reaping the full benefits of a Digital Single Market" {COM(2016) 180 final} (hereafter, the 'Communication').

The Commission is pleased to have this opportunity to provide a number of clarifications regarding the Communication and trusts that these will allay the Camera Deputaților's concerns.

The challenge ahead is for European industry to seize fully the digital opportunities. This is essential to ensure Europe's competitiveness with implications for overall welfare. Two years ago, President Juncker set priorities for action and delivery by this Commission. The Communication is one stepping stone for a strengthened industrial base, to stimulate investment in new technologies, improve the business environment, ease access to markets and to finance, particularly for small and medium-sized enterprises (SMEs), and ensure that workers have the skills industry needs. The Commission would like to see the development of national platforms on digitising industry in each Member State.

This Communication is part of a comprehensive package of measures and initiatives. The Commission is pleased to provide more detailed clarifications of the various strands towards the political objectives of this Commission in the Annex. Making a success of this approach will depend on the joint mobilisation of the necessary financial resources and the use of EU financial support to leverage public and private investments. Relying solely on EU investments will not be enough to reach our ambitious goals, and it will be necessary to mobilise cohesion funds, national, regional and private investments.

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The Commission hopes that these clarifications address the issues raised by the Camera Deputaților and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Andrus Ansip
Vice-President*

ANNEX

The Commission has carefully considered each of the issues raised by the Camera Deputaţilor in its Opinion and is pleased to offer the following clarifications:

1. The Commission appreciates the suggestion regarding the use of more recent data and invites the Camera Deputaţilor to consult the Digital Economy and Society Index (DESI) for official updates of digital indicators¹.

2. On taxation, the Commission has undertaken several initiatives to address the challenges posed to tax systems by the digital transformation. By the end of the year, the Commission will submit a legislative proposal on VAT rates for physical and electronic publications. A proposal for modernising VAT for cross-border Business-to-Consumer (B2C) eCommerce is also on the Commission's agenda for this year. Furthermore, the Commission is working together with the OECD on an analysis of the impact of the forthcoming digital breakthroughs on international tax treaties.

3. The Commission has adopted various measures in order to support SMEs in their digital transformation and strengthen the overall competitiveness of European industry. For example, the Commission plans to invest EUR 500 million from Horizon 2020, the European Research and Innovation (R&I) Framework Programme, on Digital Innovation Hubs (DIH) so that every industry can get access to knowledge and testing facilities for the latest digital technologies. Such hubs would also supply advice on potential sources of funding or finance and help workers get the necessary skills and training. In order to scale up these measures, significant regional and national investments in creating and expanding centres of excellence are essential.

4. The Communication on Digitising European Industry is part of a comprehensive Digital Single Market (DSM) technologies and public services modernisation package. This package also includes the EU eGovernment Action Plan 2016-2020 – Accelerating the digital transformation of government {COM(2016) 179 final}.

5. The Commission introduced a smart specialisation strategy and identified innovation as a key priority for regional investments. The EUR 500 million investment from Horizon 2020 on DIHs mentioned in paragraph 3 is intended to leverage an additional investment of EUR 5 billion by Member States and regions to boost private investments in the digital transformation of industry. Moreover, the Commission has been working with financial institutions to achieve a critical mass of investments. This is the objective, for example, of the European Fund for Strategic Investments and the action plan on building a Capital Markets Union² which will also contribute to unlocking funding for growth.

6. The New Skills Agenda for Europe {COM(2016) 381 final} presented in June 2016 emphasised the importance of digital skills and proposed a number of actions at national and European level.

¹ The Digital Economy & Society Index (DESI), ec.europa.eu/digital-single-market/en/desi

² COM(2015) 468 final.

7. Following an open consultation³, the Commission is working on the announced initiative on the free flow of data. The objectives of such an initiative are to remove legal barriers related to the location of data and address emerging issues such as data ownership and access, (re)usability and interoperability, as well as liability⁴.

8. The Commission has shown through several programmes how an alignment of regional, national and EU strategies is feasible, can attract considerable private investments and achieve a ground-breaking impact on competitiveness. The Commission is nevertheless interested to be informed of the other forms of financing which the Camera Deputaţilor suggested.

9. The Commission underlined in the Communication the major barriers for SMEs to embrace digital innovations and considered the creation of Digital Innovation Hubs as a measure to reach out to any company in any sector wherever situated and bring them in touch with the latest digital technologies.

10. The Commission put forward a demand-driven approach by channelling investments towards key technology areas identified by industry in Private-Public Partnerships (PPPs). Furthermore, the scheme of Digital Innovation Hubs presented in the Communication aims at solving problems which industry encounters in its digital transformation.

11. and 12. The Communication does not recommend a change to the level of funds of the cohesion policy (ESIF)⁵, of the EU Programme for Employment and Social Innovation or of the Common Agricultural Policy. A balanced and efficient allocation of these funds at the regional level needs to take future regional development opportunities into account.

13. As explained in the Fact Sheet⁶ accompanying on the Communication, the Commission plans to ensure delivery of the PPPs and co-investment by industry through a continuous monitoring of investments by the private sector in the PPPs. A particular focus of the monitoring is on the targeted leverage factor. Corrective measures will be taken if targeted co-investment levels are not reached.

14. In July 2016, the Commission signed an agreement with industry on the establishment of a PPP on cybersecurity⁷ for which up to EUR 450 million will be invested under H2020, the European R&I Framework Programme. This should address the concerns raised by the Camera Deputaţilor.

15. The Communication took into consideration the wider social, labour and economic implications of the ongoing digital revolution. It is indeed essential to monitor and address these challenges in the dialogues with social partners, and this is in fact part of the Digitising European Industry strategy.

³ ec.europa.eu/digital-single-market/en/news/consultation-workshop-free-flow-data

⁴ Synopsis report: ec.europa.eu/digital-single-market/en/news/synopsis-report-contributions-public-consultation-regulatory-environment-data-and-cloud

⁵ European Structural and Investment Funds (ESIF): cohesiondata.ec.europa.eu/

⁶ Digital Single Market, Fact Sheet: [europa.eu/rapid/press-release MEMO-16-1409_en.htm](https://europa.eu/rapid/press-release_MEMO-16-1409_en.htm)

⁷ Cybersecurity industry: ec.europa.eu/digital-single-market/node/80873

16. Digital skills are one of the cornerstones of a well-functioning Digital Single Market. In June 2016, as part of the Skills Agenda for Europe, the Commission set out steps to improve digital skills in Europe through the Digital Skills and Jobs Coalition. The Coalition calls on Member States to develop comprehensive digital skills' strategies by mid-2017 and on stakeholders to establish national digital skills coalitions.