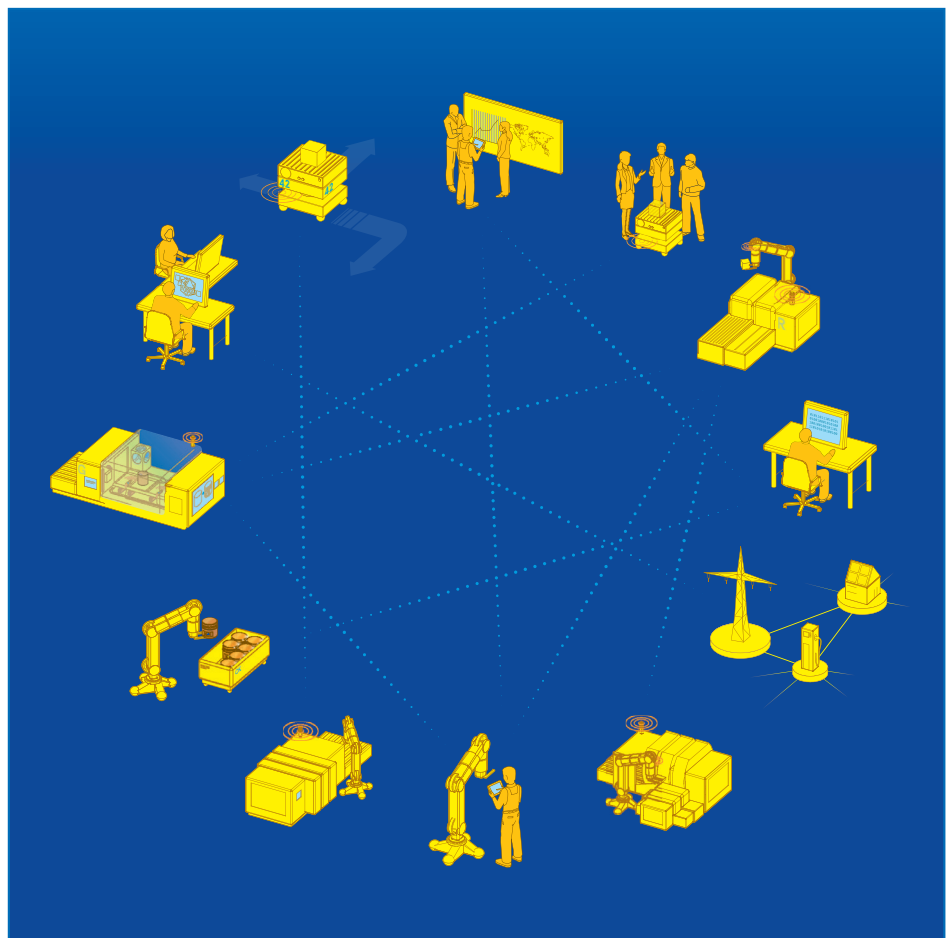


Position Paper:

#EuropaMitUns: What we must now do together for our future



Europe faces major challenges: protectionism is once more attracting followers in many places, new frontiers are being constructed, and polarisation within society is increasing. It is therefore important that we give thought to what binds us together: our common values, the advantages of a multilateral world order, and our understanding of the rule of law, as formulated by the Finnish government in its programme for the EU Council Presidency in the second half of 2019.

Europe will have to adapt and develop further. The electrical and electronics industry stands behind a strong and united Europe, open markets and competition, common values and solidarity. Each single EU Member State is too small to be successful on its own at international level. Only together, embracing our diversity and strengths, we can help shape the global future of business and society. And if we don't do it, others will.

In the upcoming legislative period, the European Union has the opportunity to act. It can now lay the foundations for a strong, sustainable and competitive Europe; a Europe that secures our long-term prosperity. It can now help to build a European industrial data and platform economy so that we can establish a future-oriented digital ecosystem in Europe. ZVEI sets out its ideas and proposals for a forward-looking Europe in the four chapters below.

1. Vision 2030 – industrial policy for Europe's future

We need a European industrial policy based on a common understanding among EU Member States. Only this way Europe will continue to be an attractive destination for international investments. Europe needs decisive and substantial investments in infrastructure and in new digital technologies. Only through cultural diversity and openness to innovations we can strengthen our position and that of our companies in international competition.

- The High Level Industrial Roundtable (HLIR) has defined a Vision 2030 which has ZVEI's full support. The new European Commission's Industrial Policy should be guided by this Vision.
- ZVEI supports the European Commission's approach of setting strategic priorities in areas where the European economy is strong – e.g. in digital transformation and climate protection. It is right that the Commission should start with the Internet of Things, with cybersecurity, with development of an industrial data ecosystem, with deployment and development of energy-efficient technologies, with crossover technologies such as microelectronics and in the areas of batteries and high-performance computing.
- The proposals developed by the EU Strategic Forum for Important Projects of Common European Interest (IPCEI) for so-called EU Strategic Value Chains or Strategic Value Creation Networks are of great relevance. In future, the IPCEI model should make it possible to bundle resources from many different financing sources in order to achieve a scaling-up of important R&D&I and implementation projects which Europe needs for its international competitiveness. These possibilities are in line with EU competition law and the state aid directives.
- EU competition law has proved its worth with respect to the single market. Against the background of changing and unstable political majorities at European level, it is important to prevent a "politicisation" of the legislation. But the EU should make better use of the possibilities that this legal framework offers – especially in regards to international competitiveness. Similarly, the State should not regard itself as being a "better businessman" who interferes in the market as part of political strategy or creates so-called "global champions", but should concentrate on creating better regulatory framework conditions.

2. Digitalunion – Make a success of digital transformation

Completion of the Digital Union creates unprecedented possibilities in Europe for new innovative and digital business models. Technologies such as machine learning can make use of extensive data pools. New services, processes, systems and production flows will be optimised and offered on the market. Europe is already a global technological leader in Industrial AI (Artificial Intelligence) and Industrial IoT (Internet of Things). This is where Europe should continue to build on its strengths, but it will require trust and a social dialogue. For that reason, ZVEI calls for a European approach on cybersecurity and for responsible handling of data and platforms. Europe must shape the digital transformation in such a way that it benefits people.

- The EU must ensure the framework for the industrial data and platform economy. Only in a comprehensive digital ecosystem of start-ups, SMEs, global enterprises and market-driven platforms the full potential of the new data platform economy can unfold. That requires legal certainty and a digital infrastructure that functions across the board. Nevertheless, it is also important here to avoid overambitious regulation.
- Support for new technologies such as Industrial AI and Industrial IoT is necessary not only in research but also through new regulatory approaches. For instance, regulatory sandboxes can be used to test which rules are necessary and innovation-friendly. Sector-specific requirements (e.g. in the area of B2B) should always be taken into account.
- Europe needs a future-oriented and strategic public research funding which pursues the idea of holistic ecosystems and integrates business.
- The principles of free competition and technological neutrality must be respected – in particular where the European Commission is building digital capacities as an active player, for example as in the framework of the Digital Europe Programme.
- All European legislative provisions which address cybersecurity must be consistent to each other. A good single market policy shares the same cybersecurity principles horizontally and at the same time enables specific solutions in verticals with sectoral or product-specific standards.
- The 5G frequency range 3.7 to 3.8 GHz will be available in Germany for local applications. Thus, 5G goes where its strengths can best be deployed: in companies. For the electrical industry as the main supplier for Industrie 4.0, it is important that there is harmonisation of the frequency ranges. A common European approach is needed so all factories across Europe can benefit from the advantages of 5G in industrial production.

3. Sustainability – clean technology for environmental and climate protection

Climate change is forcing us to act worldwide. Climate protection is therefore a top priority for the electrical and electronics industry. Much can be improved through its innovations: less energy consumption and less CO₂ emissions. Not only in the industry itself, but also in transport and buildings. ZVEI's new information campaign #InnovationSchütztKlima is demonstrating what the electronic industry is already doing.

ZVEI fully supports the sense of urgency the European Commission brings to its long-term vision "A Clean Planet for all". Member States should give the European Commission a strong and unambiguous mandate as to what must happen now: innovative technologies make a relevant contribution to the successful implementation of the Paris agreement and meeting the UN sustainable development goals

- The potential for energy efficiency and energy savings must be exploited to the fullest and digitisation in the energy sector must be driven forward. Climate goals can only be met if energy efficiency and digitization are properly used together as two key elements in decarbonising the economy. Through digitisation, additional energy efficiency and flexibility potential can be identified and realised. Energy efficiency potential is present in all sectors. In Germany, at least 70 TWh of energy a year can be saved using existing technologies in the industrial sector alone. This corresponds to around 30 percent of German industry's total demand for electrical energy. The Commission should introduce further incentive mechanisms to realize energy efficiency potentials. These should be technology-neutral, time-limited and degressive.
- Europe needs powerful, flexible networks for the energy supply of tomorrow. The expansion of the network, combined with the opportunities offered by digitisation, will lead to the development of the infrastructure for electric mobility and the further expansion of renewable energies. The Commission should introduce further incentive mechanisms for the deployment of smart solutions for network operators.
- The ZVEI considers the introduction of a national, feasible and long-term price signal for CO₂ to be necessary. Carbon pricing must be a driver for investment in efficient technologies. This creates an incentive for the use of modern, highly efficient technologies. Price signals are particularly important in areas that are currently excluded from emissions trading (heating and transport).
- With the Clean Energy Package, the European Union has created a very promising framework for accelerating development of digital networks, strengthening energy consumers and local energy communities, and creating smart buildings. This regulatory package must be implemented by the Member States Europe-wide.

4. Global trade – value creation is globally interconnected

Contrary to the increasing protectionism, ZVEI continues to support the free, global exchanges of goods, services and data, as well as the strengthening of the multilateral economic system. We in Europe know that harmonisation of standards and the reciprocal removal of trade barriers leads to growth in prosperity. Ambitious free-trade agreements and on-going negotiations with partner countries are of great importance. However bilateral treaties are only the second-best choice as compared with multilateral solutions. Value creation in the electrical and electronics industry is strongly interconnected globally – our value-added networks do not serve national interests but are exemplary for international cooperation. At the same time, existing challenges and newly emerging trade barriers must be tackled in order to achieve a genuine level playing-field in foreign trade.

- The EU needs a progressive foreign trade strategy which aims for open markets and global free trade, and ambitiously represents European interests vis-à-vis our partners. Trade defence instruments may only be used very selectively following a comprehensive macroeconomic analysis which rules out transmission effects to other sectors. As a general rule, protectionism must be avoided.
- EU external policy, EU development policy and EU trade policy must be coordinated and build on each other in a coherent fashion. At the centre of these policies must be targeted strategic support for European companies on global procurement markets, vis-à-vis international partners, and in global infrastructure projects. Furthermore Europe needs a comprehensive strategy for the development of Africa.
- The preservation and pragmatic further development of the multilateral regulatory structure of the WTO is essential. It must be possible to decisively counteract against infringements of rules by individual actors. Hence, the World Trade Organisation's rules enforcement mechanism must be strengthened.
- In the framework of the EU's promotion of external trade, it must be ensured that digital and environment-friendly technologies, products and services from Europe sustainably develop other world regions. European industry is a technology and development leader in numerous future-oriented areas such as Industrie 4.0, energy efficiency, industrial data economy and climate-friendly production.
- Europe must insist on rule compliance and enforcement in a constructive and targeted dialogue with all players. The USA and China are central global partners for Europe and simultaneously – in the context of current political developments – also major challenges for rule-based world trade.

#EuropaMitUns



We want to shape the challenges of our times – globalisation, climate change and the digital transformation – together. That calls for a consciousness of cooperation and a willingness to compromise. ZVEI is committed to ensuring that the EU remains a unique project for securing peace, freedom, democracy, the rule of law and prosperity. This is what the association promoted in the 2019 European election year with its campaign #EuropaMituns. People from the electrical and electronics industry describe in short video statements what Europe means for them and what Europe they would like to see in the future



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together for our future**

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