

Roadmap to
sustainable prosperity

En Route!

The background features a stylized, low-poly landscape in shades of yellow, orange, and blue. A prominent white path starts from the bottom left, curves upwards, and then levels out towards the horizon. The sky is a bright yellow with several long, thin, orange and yellow streaks radiating from the top right, suggesting a sunrise or sunset. The overall aesthetic is modern and optimistic.

Competitiveness	8
Moving forward with industrial policy	
R&D&I	14
Towards the 3% standard for research, development and innovation	
Business environment	20
Support for entrepreneurship, innovation and investment	
International business	26
Trade policy and internal market as trump cards	
Education & training	36
Towards (digital) skills for all	
Digitalisation	42
Building digital leadership	
Energie & climate	48
Emerging stronger from the crisis with an ambitious European climate and energy policy	
Circular economy & environment	56
Circular economy as an engine for a sustainable, agile futur	

Europe faces moment of truth

The 2019-2024 legislature is drawing to a close. For Europe, this marks the end of a particularly eventful and ambitious period.

Eventful ... because Europe was often forced onto the defensive. From the corona pandemic and the conflict in Ukraine to the energy crisis, the challenges arrived in rapid succession. These crises required a response, which came with actions such as a European Recovery and Resilience Facility (RRF) and the diversification of our energy supply.

Ambitious ... because with the Green Deal in late 2019, the EU produced a plan to shape its mission to make Europe the first climate-neutral continent by 2050. To make that happen, the European institutions rolled out an unprecedented series of regulatory initiatives. Meanwhile, the world did not stand still. With the Inflation Reduction Act (IRA), for instance, the US launched a large and attractive subsidy programme for green technologies in mid-2022.

From coherent regulation to strong trade agreements

The technology sector is eagerly - but also critically - looking forward to the next legislature. After all, much of what was recently set in motion will soon come to fruition: the green transition, the digital transition, the new industrial policy, etc.

During this pivotal moment, how do we ensure that today's developments strengthen our competitiveness rather than sidelining us? For Agoria, the answer to that question includes at least three action points.

#1 Together for sustainable implementation of new regulations

Europe launched a historic number of new regulatory initiatives and added even more legislation in the pipeline. During the next legislature, it will be time to put all those words into practice. To ensure the success of this phase, Agoria sees a number of key priorities: pragmatism, coherence, co-construction, impact, talent and fair competition. If we get this right, companies in the technology sector can take the lead in decarbonisation, digitalisation and strengthening Europe's industrial base.

#2 Together for sustainable competitiveness of our companies

Only with an innovative and competitive technology sector are the EU's ambitious political goals achievable. Therefore, Agoria calls for the prioritisation of business productivity and competitiveness by:

- safeguard and deepen the proper functioning of the internal market,
- create an innovation-friendly legislative framework
- pursue an open trade agenda and reduce trade barriers.

Businesses should be actively involved in the realization of governments' green and digital agendas.

#3 Together for sustainable solutions to stay relevant

Europe is most successful when it acts quickly and in unison. This approach will become even more important when 85% of global growth in the future takes place outside the EU. In the long term, we must strive for commonly supported solutions to keep Europe relevant. Fragmentation of the single market should be avoided, as should excessive leniency in the state aid framework. Free trade agreements should be ratified and implemented.

Roadmap to sustainable prosperity

In this memorandum for the 2024 elections, Agoria puts forward concrete recommendations to realise the above action points. In doing so, our sights are set not only on the next legislature, but also beyond.

To keep things clear for you, we have divided our recommendations into eight topics, covering digitisation to research, development and innovation. In this way, we create a detailed roadmap to sustainable prosperity.

Sometimes we suggest known roads, sometimes untrodden paths, and sometimes entirely new adventures. But always with the same positive mindset. Because we can already tell you one thing: above all, we see opportunities to build Europe's leadership along the way.

En route!



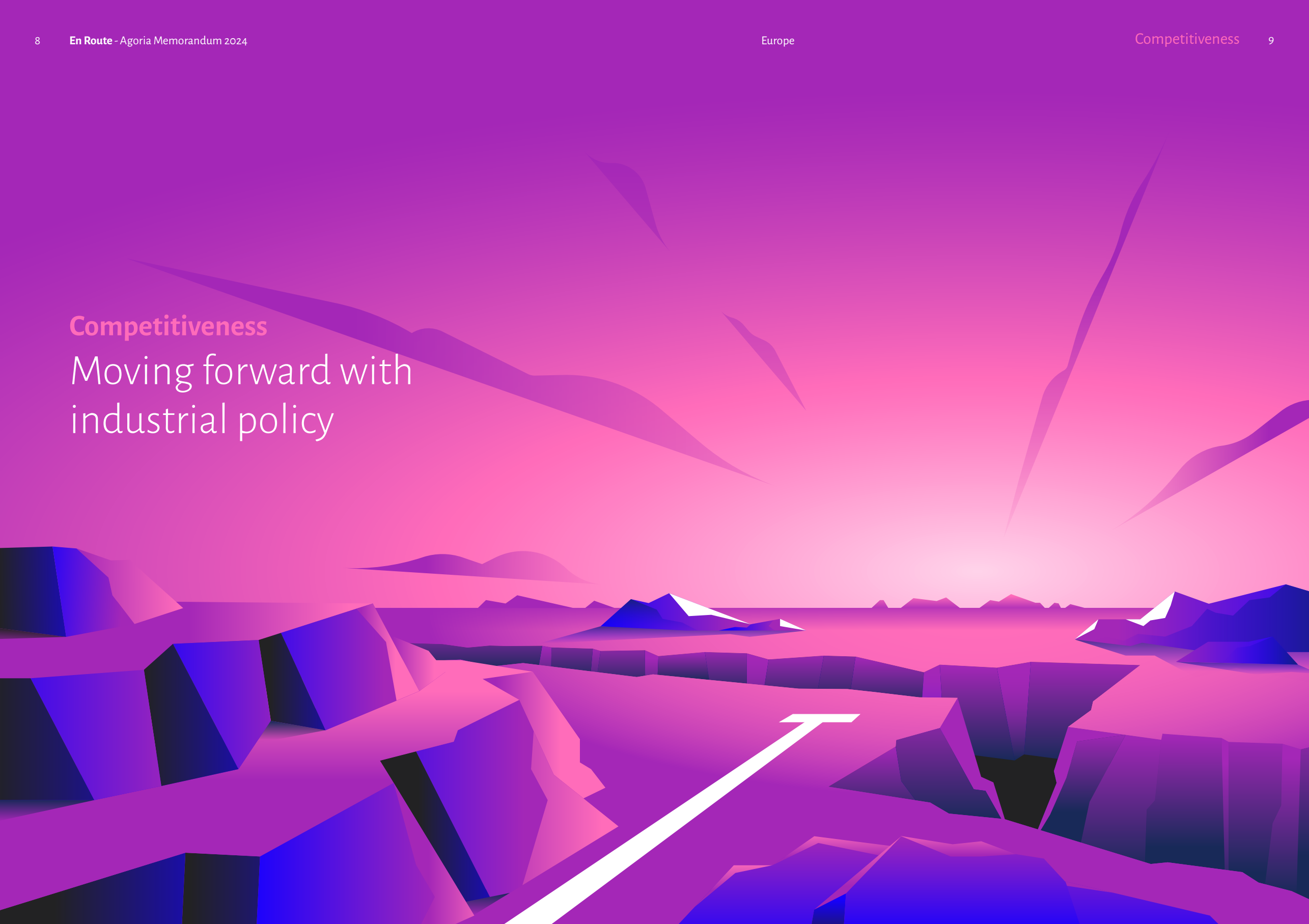
Laurent Hellebaut,
EU Affairs coordinator



Bart Steukers,
CEO of Agoria

Competitiveness

Moving forward with
industrial policy



Time for a change of course

Europe's economy is going from one challenge to another, with the corona pandemic, the conflict in Ukraine and the energy crisis as the highlights. The consequences are being felt. For instance, international supply chains are under pressure, some markets are (partly) closed due to import and export restrictions, and our energy supply is being revised in a hurry.

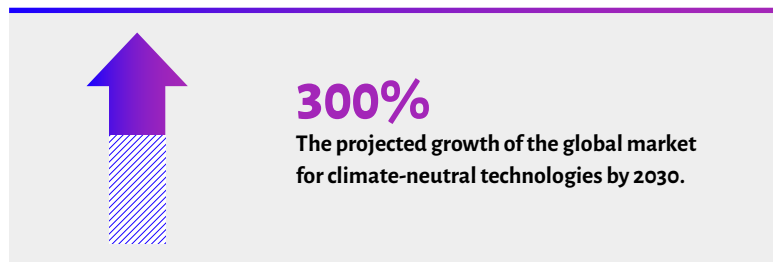
In such a volatile playing field, Europe remains ambitious. Consider, for instance, the goals within the green and digital transition. But how should we win without sacrificing attractiveness and competitiveness vis-à-vis the US and Asia?

The will exists. This is evident from the launch of the EU Green Deal Industrial Plan (EU GDIP) in early 2023. Now, we must turn our words into action.



In the balance: speed, deliberation and completeness

With the EU GDIP, Europe fully intends to take a leading role in the market of climate-neutral technologies. This objective is already legitimate, as according to the International Energy Agency, the global market for these types of technologies will triple by 2030.



The success of the plan now depends on a number of factors:

Speed – If we really want to be part of the game, it is essential to quickly release the necessary funds and further shorten procedural lead times. The pace of progress and the form in which Europe grants aid are as important as the thickness of the envelope. Note that too much leniency in the state aid system undermines the functioning of the single market and risks benefiting mainly large member states.

Consultation - The EU GDIP comprises four pillars: regulatory, financing, skills and trade. The concrete details are currently in the making. To illustrate, in the regulatory pillar, 3 key texts are on the table: the Net-Zero Industry Act, the Critical Raw Materials Act and the Electricity Market Design. These texts determine which materials, products and technologies are strategic and can soon receive support. To achieve the intended goal, it is important that the drafting is coherent and done in consultation with all stakeholders.

Completeness - An effective industrial policy encompasses many aspects. Subsidies and project funding alone will not get us there. Europe will also need to take action in areas such as energy supply (see Energy and Climate chapter) and international trade (see International Business chapter).

Coherence - In the coming policy period, the EU will need to work towards greater coherence between different policy areas. The more complete and aligned they are, the more likely they are to succeed.

Roadmap to sustainable prosperity

Financial instruments, level playing field and holistic approach

#1 Influence all aspects of competitiveness

Industrial policy is more than subsidies alone. Agoria calls Europe to work on the various parameters of competitiveness: functioning of the internal market, market access outside the EU, regulation, energy and raw material prices, etc. New European initiatives should pay sufficient attention to mutual consistency and coherence with existing legislation. Furthermore, they should be accompanied by a competitiveness check¹.

¹ EU Employers welcome Commission's decision to introduce a competitiveness check in EU policy and law-making - Joint press release by the EESC Employers' Group, BusinessEurope, SMEUnited and SGI Europe | BusinessEurope

#2 Evaluate existing financial instruments

Are current financial instruments effective enough? And which ones display side effects, such as distortions in the single European market? These and other questions should become the core of a comprehensive analysis by the European Commission, in consultation with the industrial sectors concerned. If the results point to a sub-optimal system, Agoria calls for a coherent reform of the various European funds based on the new priorities.

#3 Keep eyes open for other and additional needs

If analysis of the system of financial instruments reveals different or additional needs, Agoria supports the development of sustainable financing solutions. These should contain clear objectives, KPIs and procedures, as well as allocate funds per project - not per country.

#4 Co-financing IPCEIs from Europe

Important Projects of Common European Interest (IPCEI) are a useful instrument to support R&D&I and the first industrial applications of key technologies (batteries, hydrogen, etc.) in Europe. However, it is primarily the Member States that fund these IPCEIs, leading to distortions between Member States and companies.

Agoria therefore calls for systematic co-financing from a European Union fund, so that we guarantee a level playing field. The governance of IPCEIs could also be improved: more transparent definition of new IPCEIs, stronger coordination by the Commission, definition of clear KPIs ...

#5 Avoid unproductive state aid

Agoria is against too much leniency in the state aid framework. Financial instruments should first and foremost ensure a level playing field. This will benefit the long-term competitiveness of European industry.
mijn ten goede komen.

Scope

#6 Choose completeness

For the elaboration of all strategic domains within industrial policy, Agoria calls for the entire value chain and the various industrial actors that are part of it to be taken into account.

Regulation

#7 Give SMEs sufficient breathing space

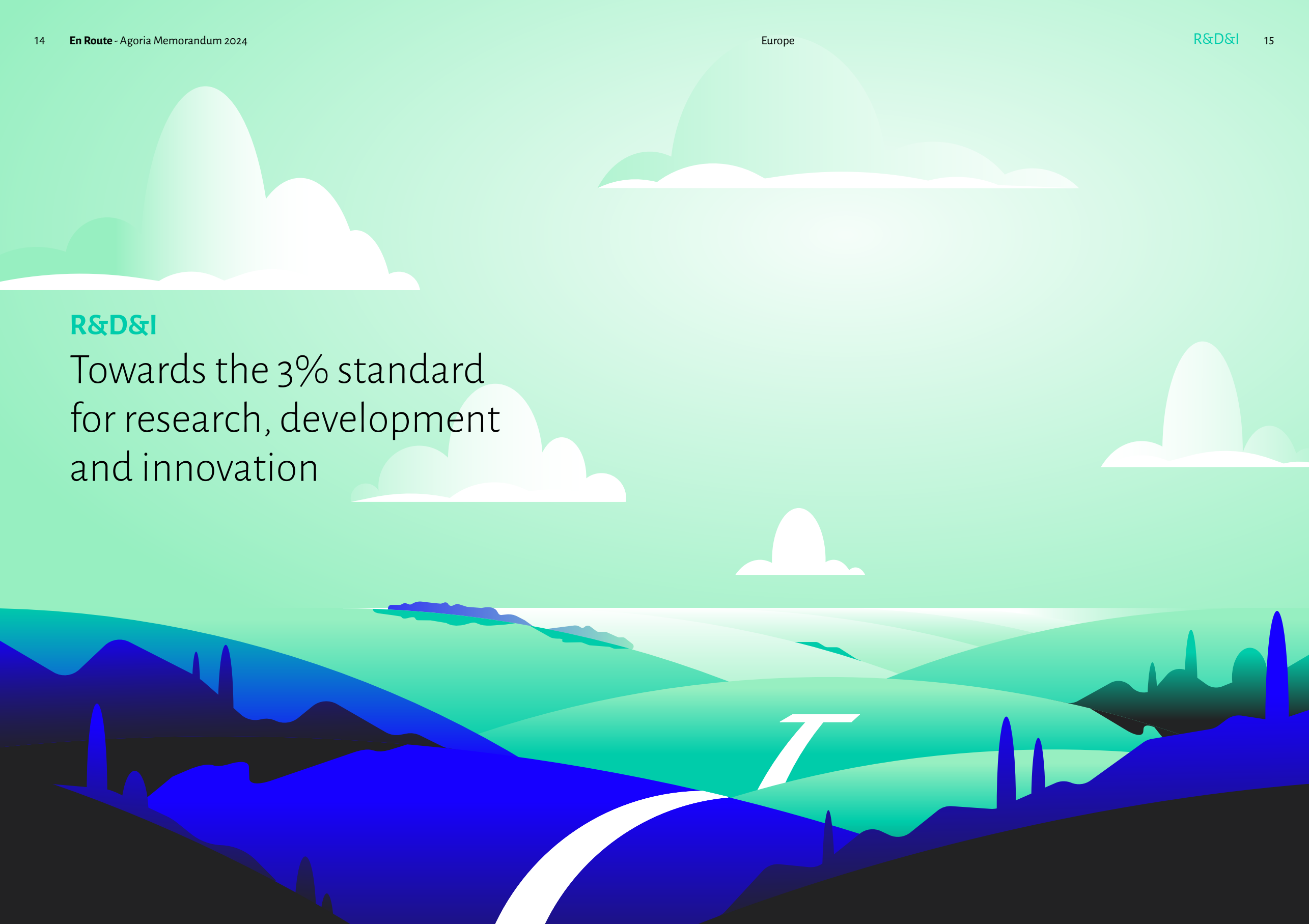
Enterprises face a host of new obligations. It is essential to assess the added value of such obligations in good time and certainly to allow SMEs the necessary leeway to comply with them.

Technology for a better world

A European Industrial Policy should enable us to be competitive and thus create sustainable added value, as well as achieve the following commitments: an average annual growth of added value in the technology industry of 2.2% by 2030, and an average annual growth of the manufacturing industry of 1% by 2030.

R&D&I

Towards the 3% standard
for research, development
and innovation



Time for a change of course

The expansion of research, development and innovation is crucial for Europe's competitiveness and growth. It creates both social and economic prosperity. The good news: great strides have already been taken in recent years.

Europe provides significant financial support for research and innovation. This is mainly within the main European research and innovation programme Horizon Europe, but also through a number of other programmes, such as Digital Europe, EU4Health, EDF (European Defence Fund), LIFE, etc.

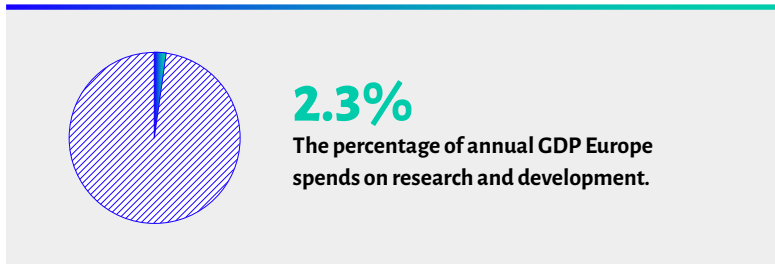
The results are remarkable. Although Europe has barely 9% of the world's population, Europeans still account for some 20% of all patents and the most cited research publications in the world.

But there is also less positive news ...



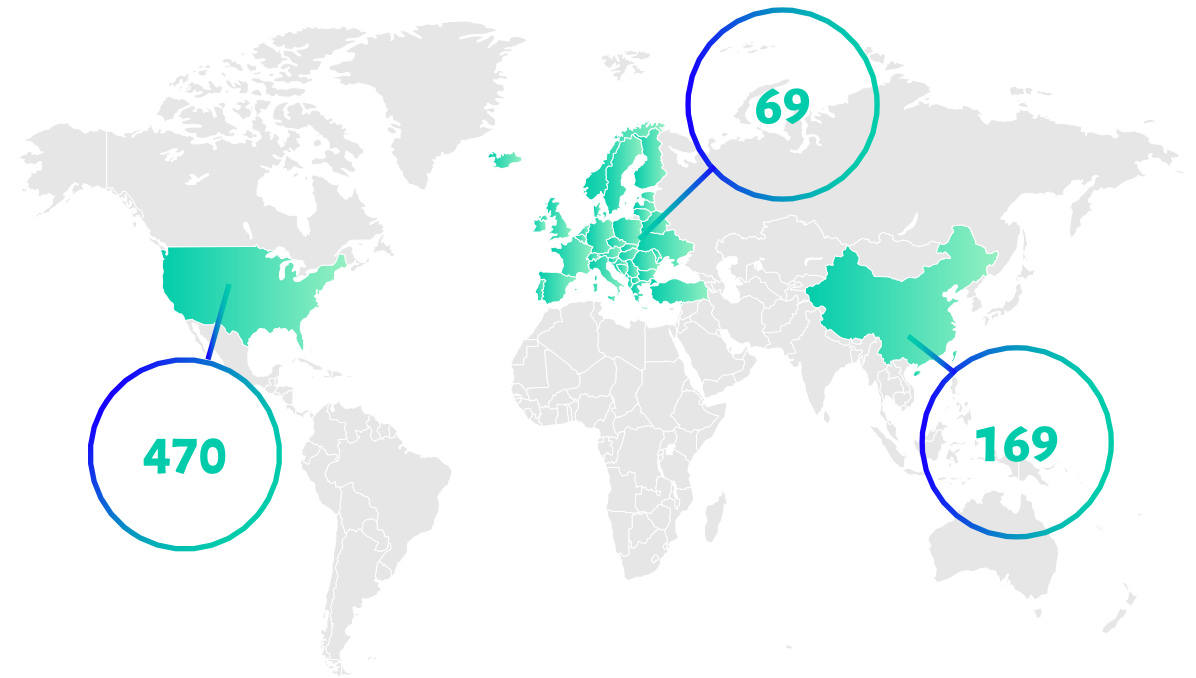
From investment lag to departing knowledge

With an R&D intensity of 2.3% in 2020, Europe is doing a lot better than 20 years ago. In 2000, only 1.8% of annual GDP was invested in research and development. Yet today, we remain far below the 3% target, while countries like South Korea (4.8%), the US (3.5%) and Japan (3.7%) easily surpassed that level in 2021.



We also witness a large number of barriers for SMEs. These make it difficult for them to participate in research, development and innovation programmes. There is no level playing field yet.

Finally, there is some knowledge departure. Many of the EU's best researchers and innovators are moving to regions where conditions are more favourable. The EU market is still fragmented and insufficiently innovation-friendly.



Roadmap to sustainable prosperity

#1 Co-financing IPCEIs from Europe

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#2 Roll-out of so-called regulatory sandboxes

Establish a legal framework that encourages innovation. Regulatory sandboxes give companies the freedom to test innovative technologies, products, services and ways of working in a real but controlled and safe environment.

#3 Support for Framework Programme 9 and 10

Guarantee the continuity of FP9 (2025-2027) as well as involving companies in the definition of the subsequent FP10, so that we increase our industrial competitiveness and strengthen Europe's leadership in green and digital technologies. Moreover, Agoria advocates an increase in FP10's budget, both in absolute and relative terms.

#4 More focus on strategic areas and first industrial phases

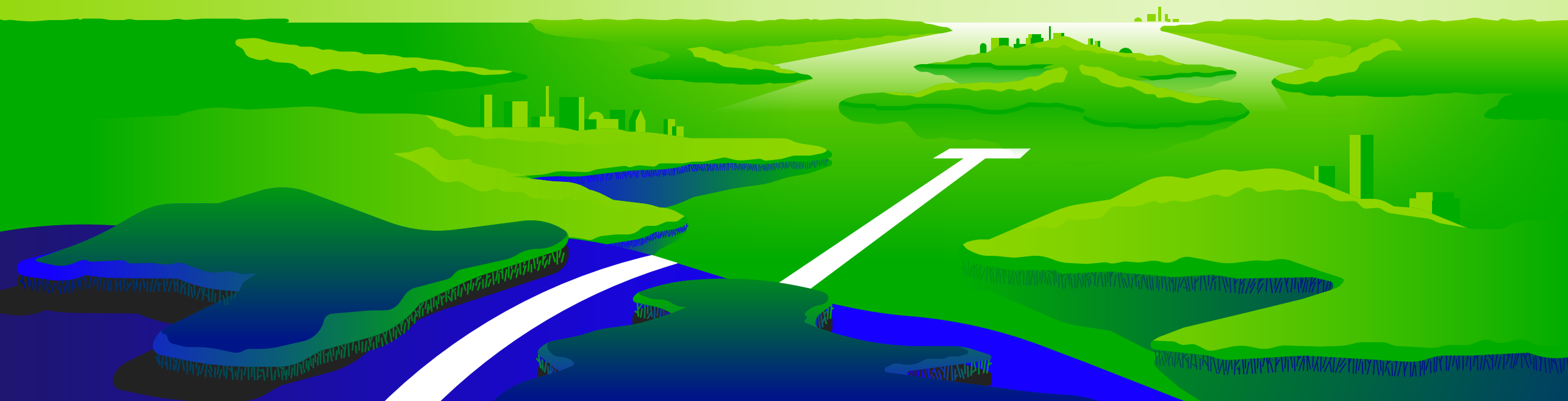
Agoria calls for a stronger focus on strategic areas such as digitalisation, green technologies and advanced manufacturing technologies. Indeed, these are key to success in the twin transition and strengthen Europe's industrial base. In addition, the first industrial phases also deserve more attention. This is how we enable the transition to a larger scale of demonstration and pilot plants.

Technology for a better world

Our sustainability report states our commitment to account for one-third of R&D spending within Belgian industry by 2030. We also formulated the ambition to bring five breakthrough technologies to the market by 2030. An enabling R&D policy from the EU is necessary to achieve this.

Business environment

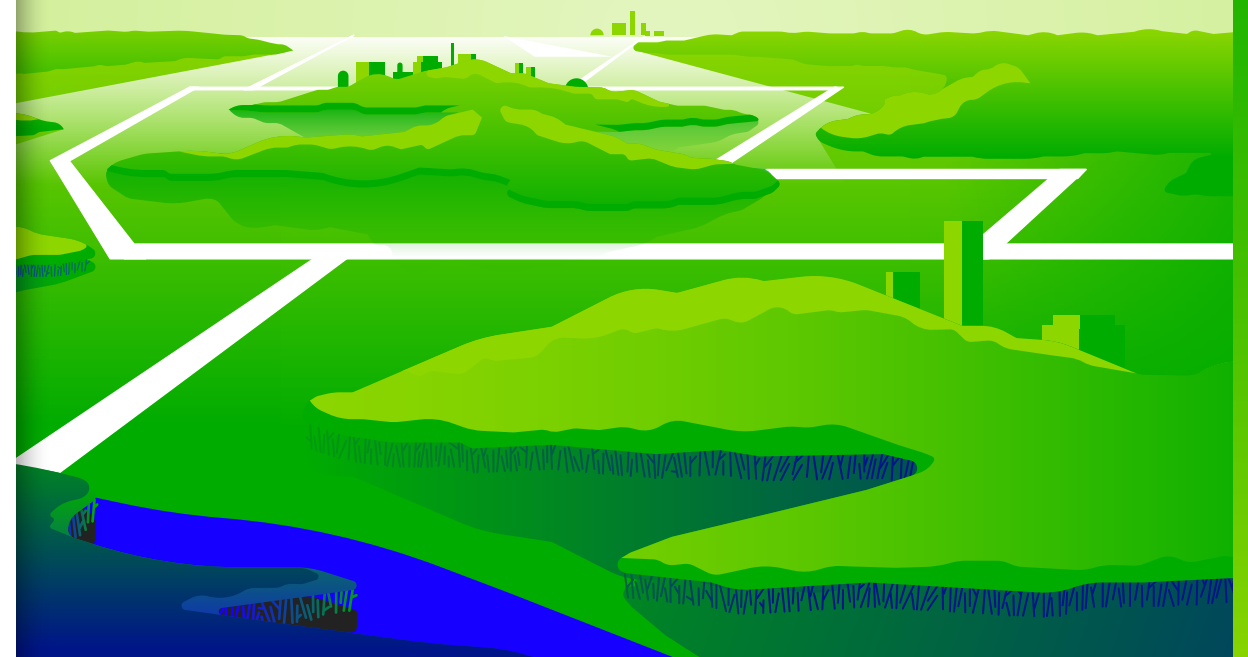
Support for entrepreneurship,
innovation and investment



Time for a change of course

The European business environment has been under unprecedented pressure for years. After the corona pandemic came the Russian invasion of Ukraine, the energy crisis, rocketing inflation and the disruption of global supply chains. Many of these external challenges were a bolt from the blue and our international competitiveness took a big hit. Think, for instance, of energy prices, which for a long time were many times higher in Europe than in the US and, for example, remain four times higher for gas (see chapter on Energy and Climate).

When it rains, it pours.



Unseen urge for legislation

As if the historic series of external challenges were not enough, Europe itself also did its bit to challenge the business environment. Or more concretely, this European Commission made its mark with an unprecedented regulatory drive, though without testing competitiveness.

Over-regularisation within twin transition as a textbook example

To accelerate the green transition, the EU Green Deal is on the table, including the Carbon Border Adjustment Mechanism (CBAM), due diligence rules and strict sustainability reporting obligations.

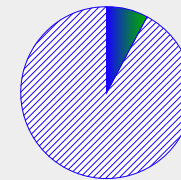
The European Commission was also extremely active around the digital transition. The Data Act, AI Act, Chips Act, NIS 2 directive ... all saw the light of day. And the Cyber Resilience Act is on the way too.

Can you keep up? Even if you can, who has the time to implement everything flawlessly without losing competitiveness? SMEs are particularly at risk of losing out. Although they are not always directly targeted by the rules, their suppliers and customers expect them to take action too. So, they are caught de facto by all these rules if they want to continue supplying their services and products.

In short, this European Commission was very active in the regulatory field, yet the added value of the various regulations is not always clear, to say the least. Time to turn the corner.

Wanted: long-term solutions to immediate challenges

European institutions have put ambitious goals on paper - from climate neutrality to digital leadership - and are introducing all kinds of regulations to support them. But the risk is that the resulting obligations limit technology companies, while these are so crucial to our prosperity.



8%

**The share of the technology sector
in European economic output.**

(Source: EU Tech, Deloitte Insights)

We need a framework that encourages entrepreneurship, supports development and enables innovation. These are - admittedly - the basics, but Europe needs to get them back on track to face its global market competitors.

Legislation and regulation, economic stability, access to capital, talent development, business culture ... On many of these components of a healthy business environment, the EU has underperformed in recent years. Overall, this also created a perception problem. Entrepreneurs are wary of Europe's rigidity. How do we make our business climate attractive again?

In 2020, the Commission devised a new action plan to make progress in completing the Capital Markets Union (CMU). The plan contains a series of legislative and non-legislative measures to achieve 3 main objectives:

- Support a green, digital, inclusive and resilient economic recovery by making finance more accessible to European businesses;
- Make the EU even more secure as a space where people can save and invest for the long term;
- Integrate national capital markets into a true single market.

Following this action plan, several steps have already been taken, but further work is needed to achieve a true capital markets union.

Roadmap to sustainable prosperity

#1 Feasible implementation of legislative proposals

Should make it more attractive to do business, innovate and invest. The 4 pillars of the Green Deal Industrial Plan - regulation, financing, skills and international trade - appear promising, but in general we see within the EU a growing need for sharper focus, better planning and more realistic deadlines for a successful roll-out of the various European legislative proposals. (see Competitiveness chapter)

#2 Impact studies on the entire value chain

Agoria believes that new European regulations can only happen if a study analyses and (positively) assesses their impact on the entire value chain. With insights into possible costs and benefits, entrepreneurs can make and anticipate future-oriented decisions faster.

#3 More clarity in regulation

Agoria is pushing for a stable and coherent regulatory framework in which agility, clarity and harmony are the watchwords. The next legislature must resume a business-friendly framework.

#4 Mid-term reviews of new regulations

Agoria notes that new European regulations, such as the Carbon Border Adjustment Mechanism (CBAM), are launched with the best of intentions, but sometimes turn out differently. As soon as it appears that the (administrative) burdens do not outweigh the (likely) benefits, regulators should be prepared to fundamentally re-evaluate and, if necessary, recall regulations before the end of the transition period.

#5 Make work of the European capital markets union

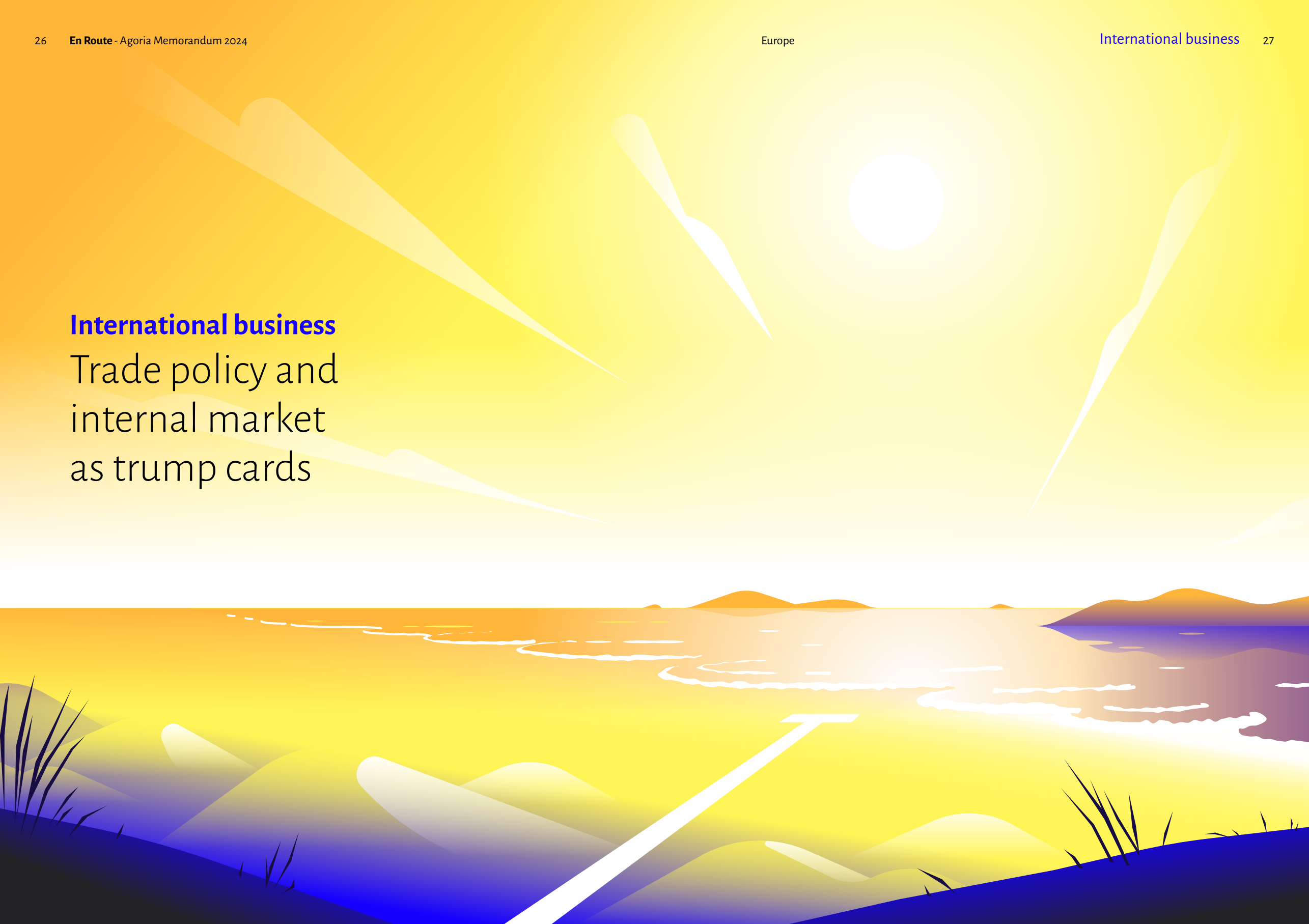
The European capital market remains fragmented across national borders. By removing barriers, the capital markets union could create new sources of financing for business, supporting the green and digital transition.

Technology for a better world

Less *red tape* and regulation are necessary to achieve better competitiveness among our companies. That means encouraging and facilitating entrepreneurship, rather than inhibiting it.

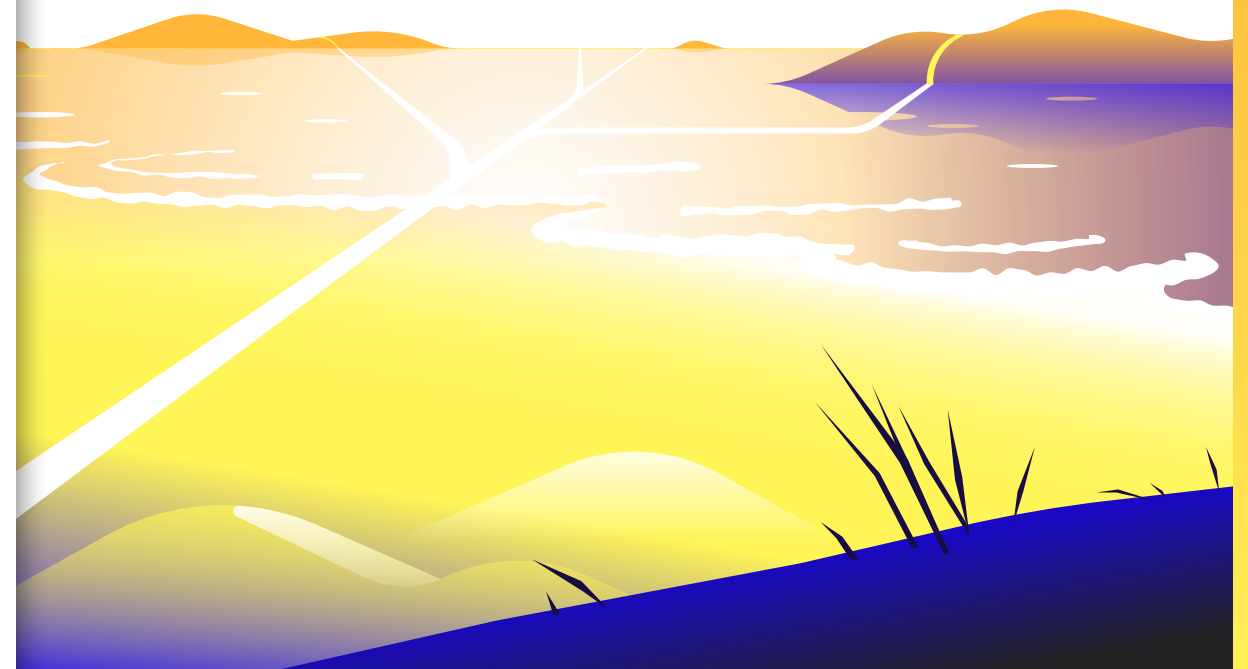
International business

Trade policy and
internal market
as trump cards



Time for a change of course

To continue ensuring European industrial production, the growth of our companies and the preservation of our welfare state, European and national governments urgently need to step up a gear. Our single market is in danger of fragmenting, with many non-European economic powers outstripping us on several sides.



View of the EU

The single market is undoubtedly one of Europe's greatest successes. It creates growth, prosperity and jobs. With 447 million consumers, the European market accounts for no less than 18% of global GDP. We should be proud of that.

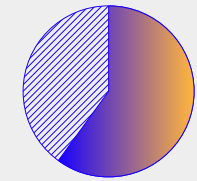
The EU single market accounts for 56 million jobs and 25% of the EU's GDP.

However, several trends within European regulation today undermine the strength of this success story:

- a cascade of new regulations makes compliance extremely complex;
- lack of precision in regulatory texts hinders harmonisation;
- a wide margin of interpretation leads to significantly different applications;
- a growing number of member states are taking action themselves in areas where EU regulations already exist, or are imminent.

Looking outside the EU

85% of global added value will be created outside Europe in the future (Source: European Commission, An open, sustainable and assertive trade policy, 18/02/2021). Shielding ourselves from this is not an option. On the contrary, if we want to have access to sufficient raw materials and components to realise the twin transition, we need to look at the world with an open mind. That way, we also secure a larger market for our green, digital and other technologies. Open strategic autonomy (OSA) should not be a protectionist policy.



60%

of all European imports is crucial for our industrial production.

In this respect, it is downright alarming that free trade agreements are stalled at the national level. A future-proof trade policy is pressing.

Roadmap to sustainable prosperity

A look at the EU

#1 Create a regulatory framework that strengthens the single market

Agoria wants Europe to focus more on harmonisation and a level playing field to tackle the expanding fragmentation. There is no more room for national initiatives or divergent interpretations that fragment the single market, intentionally or otherwise.

In addition, Agoria suggests that all regulatory proposals pass a competitiveness test. This will ensure that the regulatory framework stimulates innovation, is technology-neutral, and provides long-term legal certainty (see also Competitiveness chapter).

A third way to strengthen the single market is to consistently integrate the principles of the New Legislative Framework (essential requirements, harmonised standards, etc.) into all new product legislation. An important detail here is that the development and adoption process of harmonised standards should be transparent and efficient, and involve the industry.

Finally, Agoria is pushing for the expansion of so-called regulatory sandboxes. These allow companies to experiment with innovations in a safe legal environment. The AI Act and Net-Zero Industry Act set a good example in this regard.

#2 Implement measures for a level playing field

Europe must close the gaps in market control with simple, proportionate and flexible legislation. In addition, Agoria calls for careful handling of state aid schemes and the exceptions granted to them. Such schemes create divisions between member states: some have more ability to subsidise domestic industry due to state aid than others.

#3 Maintain an open mind towards standardisation

Europe should continue to participate in international standardisation projects and seek alignment with international requirements. Conversely, it should also be open to international input into its own standardisation activities and promote European standards globally through harmonisation and bilateral arrangements, such as the Trade and Technology Council.

#4 Target a single market for data

Make data the 5th European freedom. Only then will our single market continue to function smoothly. Divergent national interpretations of European regulations, such as those that also threaten to undermine the new Data Governance Act and Data Act, must go. Finally, the further development of data spaces in strategic economic domains is crucial for Europe. Think of energy, health and manufacturing.

A look outside the EU

#5 Make strategic import and export choices, and act accordingly

Europe is strong in sectors such as green technology, digital technologies, industrial automation and healthcare solutions. All these sectors are undergoing rapid transformation and have a global reach. If Europe chooses to support, regulation and funding should be aligned and facilitate production in Europe.

#6 Focus on the long term

Our discussions with the US through the Trade and Technology Council looking beyond the 2024 elections. Only then can we pool our technological assets, develop common standards, and defend our open trading system.

International trade policy therefore needs a long-term vision, as does an alignment with industrial policy. Important: this implies a European consensus on offensive and defensive interests. A consensus that, moreover, is supported by different legislatures and majorities. That is why Agoria believes that a trade and investment policy should first and foremost support strategic sectors by securing supply, as well as guaranteeing reliable sales. Does autonomy prevail over openness? Then pursue a flanking policy with European subsidies, national participations and tax credits.

#7 Do not confuse sovereignty with protectionism

Agoria is asking Europe to play a more emphatic role in international forums such as the WTO. The aim: more intense cooperation with like-minded countries by removing (non-)tariff barriers to trade, among other things.

Agoria calls to expand the chapters on digital trade in free trade agreements to encourage the free flow of data, but also to address issues around geo-blocking, copyright and forced localisation (e.g. the obligation to release source code). Another action point in this area is new agreements on digital trade with existing trading partners, such as Singapore and South Korea.

#8 Drive greater geographical diversification of value chains

It is crucial that EU trade policy continues to guarantee preferential access to existing and especially new markets. With bilateral treaties, the EU can contribute to a sustainable and diversified supply of raw materials, while applying stricter rules of origin.

#9 Focus funds and instruments on strategic sectors

The EU and its member states have the necessary budgets and tools to help companies internationalise. The EU should map and then optimise existing funds and instruments.

#10 Implement CBAM carefully

Use the transition period to assess the full impact of CBAM. Do an analysis of the impact on the entire value chain to avoid unfair competition in Europe from cheaper imported products not covered by CBAM. If the administrative burden for governments and companies is too heavy or if there is an additional competitive handicap for exports and on the EU market, the EU should be prepared to make adjustments. Agoria also calls on the EU and its member states to actively participate in an international Carbon Club that could launch a CO₂ emissions trading scheme.

#11 Review the way companies should provide information

Take the adoption of safeguard measures as an example. European steel producers are large and consolidated. Steel users, on the other hand, are mostly SMEs with fewer resources, but they will soon pay the cumulative price (export controls, safeguard measures, sanctions, corporate sustainability, CBAM, etc.).

#12 Maintain moratorium on customs duties

Agoria calls for the extension of the moratorium on customs duties for electronic transmissions. Or better yet, make the moratorium permanent and binding.

#13 Focus even more on free trade agreements

On the one hand, by concluding new agreements with key partners, such as Indonesia and Thailand. On the other, by immediately ratifying and implementing the concluded agreements (CETA, EU-Chile, EU-MERCOSUR, EU-Mexico, EU-New Zealand, EU-Australia). Agoria advocates the introduction of financial and non-financial implications for member states that do not ratify approved agreements.

#14 Coordinate implementation of national control mechanisms for foreign investment filtering

The EU adopted a binding mechanism for information exchange on foreign direct investment in the EU. The priority is to develop and implement national control mechanisms, along with secure and efficient European coordination. .

Technology for a better world

Throughout our sustainability commitments there are also compliance efforts. The technology sector is committed to providing products and services in compliance with applicable legislation. We ensure that we act in accordance with generally applicable and sector-specific legislation and regulations.



Education & training
Towards (digital)
skills for all

Time for a change of course

The European labour market has been on shaky foundations in recent years. The corona pandemic, the conflict in Ukraine, rocketing inflation..., the challenges were fast and furious. Yet what do we see? Our labour market demonstrates remarkable resilience. To illustrate, never before have so many people been employed in Europe: as many as 74.6% of the population aged between 20 and 64. This already puts us close to the European target for 2030. That stands at 78%.



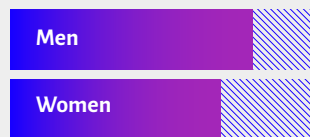
Mix of challenges

“Doing well!” then seems a logical conclusion. We have no immediate need for lots of reskilling, upskilling and other training strategies. Or do we? Those who look beyond the macro figures see some tough challenges on the current road:

Challenge 1: not all groups are widely employed

These include people with little education, migrants, women and professionals at the beginning or end of their careers.

Gender gap persists

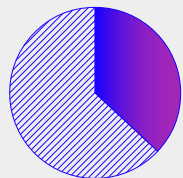


80% of men (aged 20-64) are employed, compared to 69.3% of women.

The gender gap is even more striking in technology sectors. For instance, only 1 in 6 IT specialists is a woman. This does not seem to be improving much, since 2 in 3 STEM graduates are men.

Challenge 2: companies not finding suitable employees

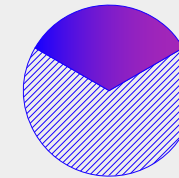
Some 3 in 4 companies claim to be struggling to find employees with the right skills. This in turn has a negative impact on economic growth. In figures, 28% of manufacturing companies and 31% of service and construction companies are directly disrupted in their productivity.



37% of adults regularly attend training. By 2030, Europe wants to increase that share significantly to 60%. (Source: European Commission)

Challenge 3: digital skills are for the happy few

According to the Digital Economy and Society Index (DESI, 2022), only 54% of the European population has basic digital skills. Looking at the wider population, 40% need training to learn digital skills.



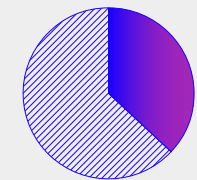
1/3 of European professionals lack fundamental digital skills.

Again, the conclusion is that we still have a long way to go if we are to achieve the European Digital Compass 2030 targets:

- 80% of adults with basic digital skills
- 20 million people working as IT specialists
- More women employed in technology sectors

Challenge 4: the twin transition calls for massive upskilling and reskilling

Green transition: strategies such as the EU Green Deal Industrial Plan and the Net-Zero Industry Act will create jobs in many industries. However, a shortage of suitable labour could significantly hamper such employment growth.



35-40% of jobs will (potentially) be affected by the green transition.

1.7 - 4.1 billion euro the estimated investments for training, reskilling and upskilling to develop strategic net-zero technologies targeting 2030.

Digital transition: on the one hand, digitalisation solves part of the labour shortage; on the other hand, the adoption of new digital technologies leads to increased demand for certain profiles.

Europe as awareness raiser, motivator and financial springboard

Developing talent through future-proof education, the further integration of life-long learning, and a close link between education and the labour market are crucial for the competitiveness of our knowledge economy. That is why Agoria supports the various European initiatives to highlight talent development, including the EU Green Deal Industrial Plan, the European Year of Skills 2023, and the Pact for Skills. But more can be done.

What do we expect from the European institutions? That they raise more awareness, provide more impetus for action, and make more financial support available to technology players - especially SMEs.



Roadmap to sustainable prosperity

#1 Strategic workforce planning

Agoria calls for more insights into the evolution of supply and demand in the labour market, both quantitatively and qualitatively. These insights include job loss, job creation and job content, and form the basis of a proactive market and training policy.

#2 Accessible talent clusters for tech

Agoria advocates the creation of European knowledge hubs around specific areas of expertise and emerging technologies. In turn, these are linked to regional clusters for optimal knowledge flow. Public and private partners collaborate closely to set up this network.

#3 Skills as an integral part of innovation programmes

Agoria notes that European innovation programmes should mainly accelerate the twin transition. But in many of these innovation programs, skills are described as a separate component or as flanking policies. However, the implementation of innovative technologies will only be successful if there is sufficient talent to implement those innovations.

#4 Inclusion of training technologies in EU calls for training programmes

Agoria still sees plenty of potential to personalise and optimise learning processes through the use of technology. Programmes such as the European Digital Education Accelerator should therefore integrate new training technologies.

Technology for a better world

Agoria is committed to sustainable employment in its sustainability strategy. This means creating the right conditions for long, healthy and enjoyable careers. Crucial to this is that people know what skills and competences they need. Not only in their current job, but also for the future. Moreover, they need to be able to develop those skills and competences in learning organisations. Our new paths for education and training are founded on this.



Digitalisation
Building digital
leadership

Time for a change of course

Europe proclaimed 2021-2030 as the *Digital Decade* and is currently implementing the accompanying policy plan. The goals look ambitious. For instance, by 2030, 75% of companies should use AI and big data, 80% of the population should have digital skills, everyone should have access to gigabit internet, and all public services should be online, among other things. But will the current roadmap be sufficient to stave off the digital fire from China and the US? Doubtful, doubtful.



3 obstacles on the road

#1 Digital fragmentation and limited competitiveness

Many of our most innovative companies - mainly SMEs - find doing business in Europe too complex. Moreover, they complain about the fragmentation of the digital ecosystem. Consider, for example, the uncertainty around data processing resulting from different national interpretations of the GDPR. The patchwork of complex, divergent compliance rules across EU countries scares companies off. With new digital regulations now being adopted (AI Act, Data Act, etc.), Europe needs to pay special attention to these hindering factors. This number says it all: barely 9% of SMEs did business across national borders in 2021.



91%

of SMEs stick within their national borders.

(Source: European Commission, Digital Scoreboard 2021)

#2 Lack of investment and capacity in strategic domains

A first stumbling block is the limited supply of digital experts in Europe. For instance, only 3.9% of graduates in 2021 came from an IT domain. Zooming out, we find that only 54% of the European population has basic digital skills (DESI 2022). Additional issues are the slow development of e-government, the rise in the number of (sophisticated) cyber-attacks, the underexploited potential to tackle CO₂ emissions with digital solutions, and the general reluctance to invest fully in emerging technologies.

#3 International relations and sovereignty under pressure

Protectionism is increasingly rearing its head, while the multilateral trading system is faltering. This negatively affects the digital transition, as IT is a global matter. In other words, we need to return to a stable, predictable and open global economy.

Adjust course

The digital transition is essential for Europe's economic development, strategic autonomy and openness. We are also increasingly looking to digital technologies to tackle various societal, climate and environmental issues: from e-government and energy efficiency to smart mobility.

So how do we accelerate the digital transition? Where are the greatest opportunities for Europe on the global digital stage? And how do we seize them? All pertinent questions that help determine the destiny of our companies - and thus our prosperity.

Roadmap towards sustainable prosperity

#1 Eliminate fragmentation and increase competitiveness

- Make data the 5th European freedom by removing existing borders and barriers. Only then will our single market continue to function properly. Divergent national interpretations of European regulations must go. The further development of data spaces in strategic economic domains is crucial for Europe. For example, energy, health and the manufacturing industry.
- Allow companies to experiment in regulatory testing environments. A regulatory sandbox is useful for companies to test innovative technologies, products, services and ways of working, without fear of possible regulatory consequences (see, for example, what is provided in the AI Act).
- Create a regulatory framework that safeguards the single market. That way, there would be an integrated approach for the smooth implementation of instruments such as the AI Act and Data Act (see chapter on International Business).

#2 Boost digital investment and capacity

- Allocate 20% to digital solutions in all EU funding programmes so that Europe can benefit from emerging technologies across all sectors. Good example: the large share for digital within the Recovery and Resilience Facility budget.
- Create unified cyber governance, with reliable information sharing between public and private parties. That way, we won't keep fighting cyberattacks in silos.
- Roll out targeted digital transformation strategies for the green transition, starting with the sectors where the CO₂ footprint is the highest: energy, mobility, construction and manufacturing. The Agoria study Digital4Climate already revealed the huge potential in this area.
- Aim for 100% digital public services, IDs and skill passports. These things need to be closely connected, across borders (interoperability). For this, Europe must first remove barriers in cooperation with member states.
- Close the digital skills gap and facilitate economic migration for digital profiles. For instance, Agoria proposes a European network of private-public cyber campuses to make the Cybersecurity Skills Academy a true success (see chapter on Education & Training).

#3 Support international relations and open economy

(see chapter on [International Business](#))

- Harmonise international and European standardisation.
- Tighten transatlantic ties to lead in cleantech, data and AI.
- Stop unauthorised sovereignty claims and build a network of trade agreements around digitisation.

Technology for a better world

The digital transition touches several of the 12 focal points in Agoria's sustainability strategy: technologies for sustainable employment, a streamlined data economy, climate action, digitisation and ethics, transparency and cybersecurity. Careful digitalisation can contribute to greater sustainability, transparency and peace of mind. It is not an end in itself, but an ideal means to create positive impact.

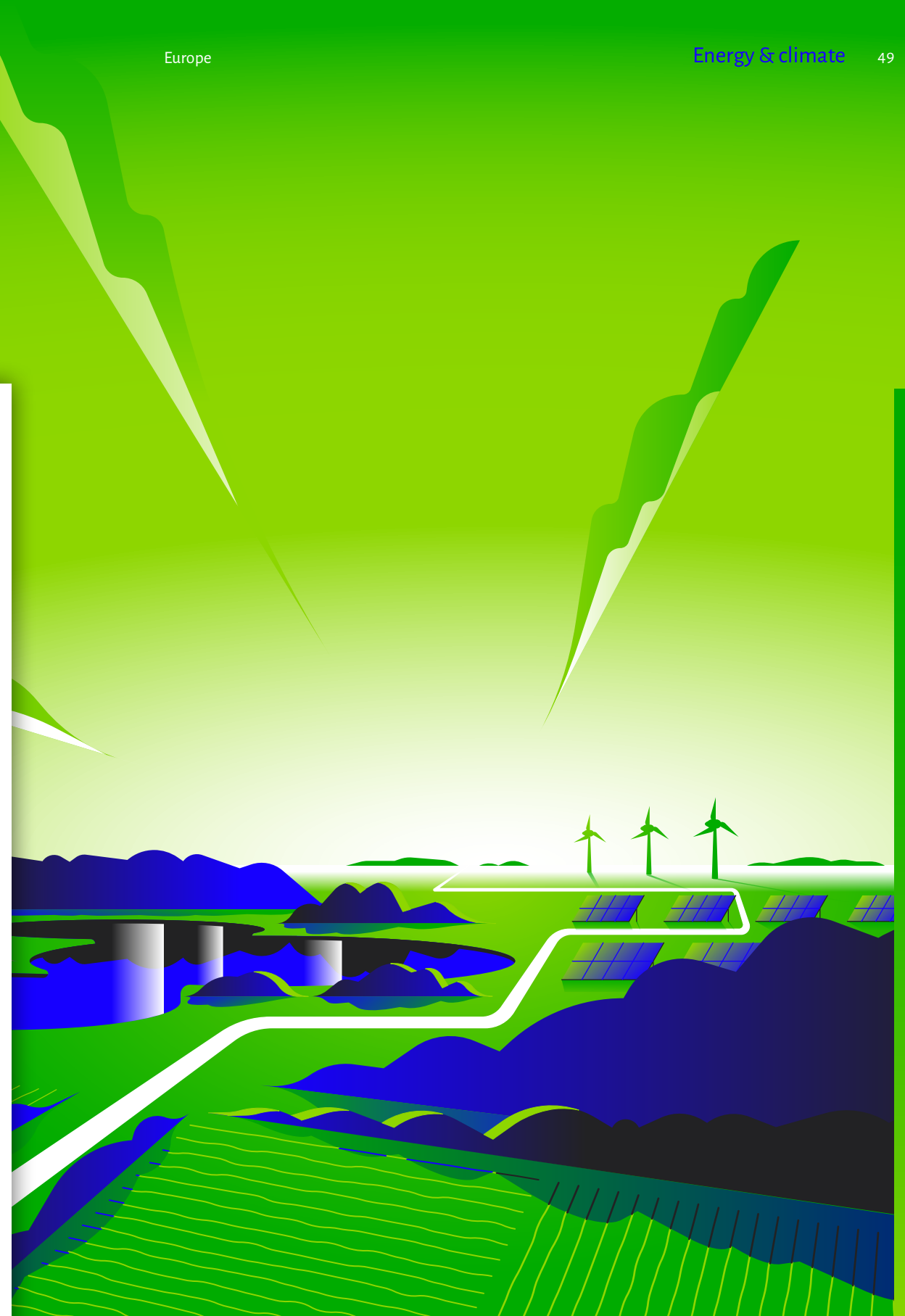
Energy & climate

Emerging stronger from the crisis with an ambitious European climate and energy policy



Time for a change of course

The Ukraine crisis has shaken the European energy landscape, and the European gas market in particular. The gas market in the US and Asia turned out to be a lot more stable, leaving companies in Europe with an additional competitive disadvantage besides sky-high energy bills. In 2023, with REPowerEU, the European Commission launched a roadmap to cope with this based on three pillars: energy saving, renewable energy production and diversification in supply. Meanwhile, the rollout of the EU Green Deal (launch in late 2019) is also continuing with the main objective of making Europe the first climate-neutral continent by 2050.

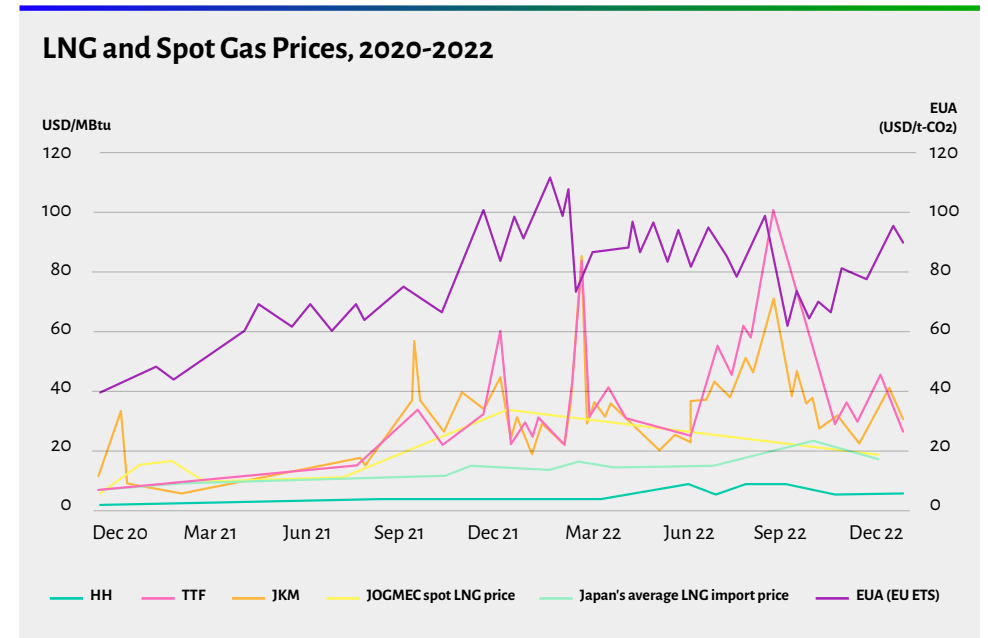


No shortage of ambition

In July 2021, shortly before the Ukraine crisis, the European Commission launched its Fit for 55 package. The goal: a 55% reduction in CO₂ by 2030, as an intermediate target on the way to climate neutrality by 2050. New targets for renewable energy (Renewable Energy Directive III - RED III), energy efficiency (Energy Efficiency Directive-EED), emission standards for vehicles, a Carbon Border Adjustment Mechanism (CBAM), a revision of the Energy Performance of Buildings Directive (EPBD), a modified ETS system and an additional ETS₂ system for buildings, road transport and fuels present new challenges for many sectors. Agoria endorses the European ambitions and is keen to contribute in shaping them.

Energy: avoid putting all your eggs in one basket

The Ukraine conflict taught Europe that over-dependence on one major supplier, in this case Russia for natural gas, comes with high risks and makes you vulnerable. While the EU gas price (TTF) and the Asian gas price (JKM) still moved in parallel, the US gas price (HH) remained constant at a very low level (see chart).



By 2021, more than 40 per cent of Europe's gas consumption was covered from Russia - the same applies to coal. When Russia invaded Ukraine, Europe abruptly had to look for an alternative. To this end, it took drastic measures through the REPowerEU plan:

1. group purchases, diversification of supply and investment in gas infrastructure;
2. a mandatory reduction in consumption;
3. accelerated rollout of renewable energy sources.

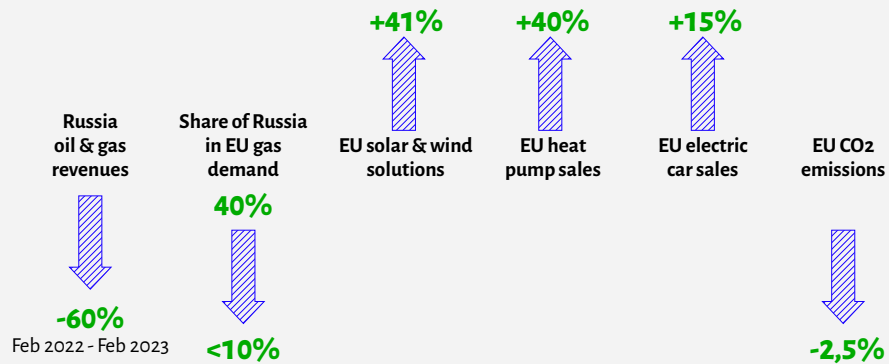
Europe managed to secure supplies, but the toll has been enormous: a record price differential with non-EU regions and therefore a far-reaching erosion of the industrial fabric, a decline in industrial activity, and a lack of resources to finance the energy transition underway in European industry.

Buildings: further roll-out of Green Deal

Meanwhile, the roll-out of the Green Deal continues. Europe has created a framework to support member states in the climate transition of their building stock, with a focus on market incentives such as:

- a green tax shift (EPBD, ETS);
- increased supply of renewable energy (REDIII, EPBD);
- the evolution towards climate-neutral buildings (ZEB);
- national central databases for the energy performance of buildings (EPBD);
- technical framework conditions to avoid lock-ins (EPBD).

One year on from the start of the global energy crisis



One year on from the start of the global energy crisis, there is mounting evidence that we are approaching a historic turning point towards a cleaner and more secure energy future.

European hydrogen economy in full development

Europe is committed to developing its own hydrogen economy. In July 2020, it launched the EU Hydrogen Strategy, a 20-point action plan around investment, demand and production. The various directives elaborated by Fit for 55 shape this policy.

Roadmap to sustainable prosperity

EU Green Deal

#1 Embrace all technologies that can help achieve EU Green Deal targets.

#2 Go fast enough, but also regularly look back to see if industry can follow.

Plus, work on the 2040 targets in consultation with industry.

Energy

#3 Create conditions for energy-intensive strategic sectors that allow them to compete with the US so that EU industry itself continues to generate sufficient resources to shape the climate transition.

#4 Continue supporting the European Energy Platform's efforts to buy cheaper gas by pooling demand.

#5 Reform the European Market design for electricity.

In doing so, preserve interconnection of European energy markets as much as possible, but provide efficient mechanisms to limit prices in times of crisis (circuit breakers).

Climate-neutral construction

#6 Adapt the regulation on energy and climate governance (EU 2018/1999)

Complementary to the National Energy and Climate Plan (NECP) – in order to also require member states to prepare a transversal, 10-year public investment plan for the building stock.

#7 Support member states in professionalizing the (harmonized) labels in the climate regulation for buildings (EPBD)

The recent evolutions towards a ZEB definition and a renovation obligation based on a (harmonized) label are necessary steps towards the strengthened 2030 climate target. However, this also creates a need for further professionalization of the policy framework around certification and minimum requirements. After all, the role of the instrument is evolving into an 'advisory and assessment tool'. This is not an easy task, as the labels have evolved into an important pivot of the instruments included in the NECP. Europe could take a facilitating role in this by developing supporting tools and knowledge.

Technology for a better world

As a sector and within the ambition 'Protecting the environment and the planet', we have made commitments in the context of climate action. This concerns objectives around energy efficiency, buildings and mobility. In recent years, Agoria has taken various steps: for example, the Climate Neutral Construction project (including the [Building Professionals | Agoria](#)) and efforts targeting the contribution of digital technologies in order to achieve the climate objectives ([Digital4Climate | Agoria](#)).

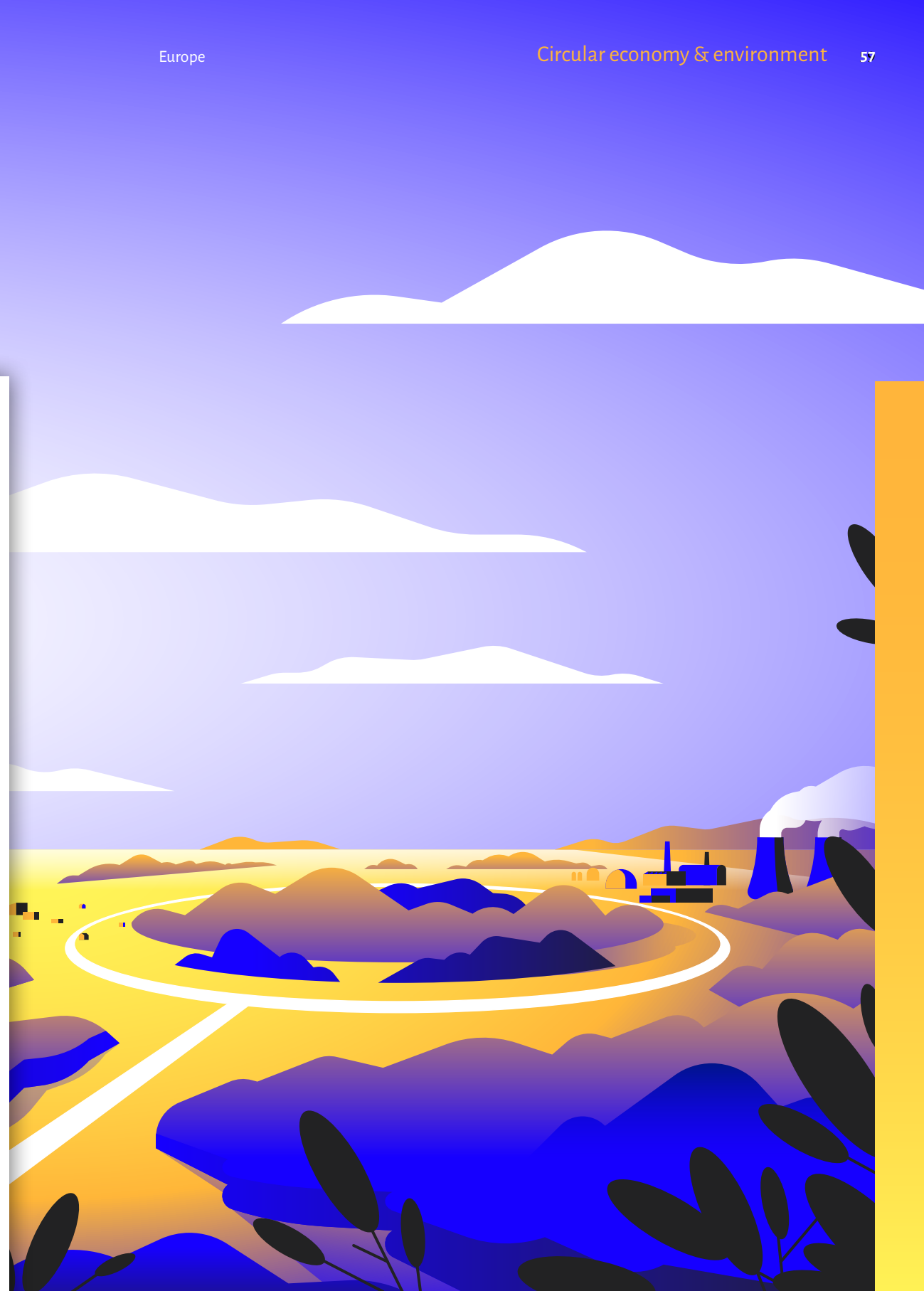
Circular economy & environment

Circular economy as
an engine for a sustainable,
agile future



Time for a change of course

At the European level, circular economy policies today are still very much focused on recycling. This will soon change with the revision and extension of the ecodesign regulation for sustainable products. This shifts the focus to extending the life span of products, including reusability, reparability, upgrading and remaking. And that is by no means the only change: the revision of the chemicals policy and the evolution towards zero pollution also pose major challenges for the technology industry.



From action plan to coherent legislative framework

The EU sees the circular economy as a growth strategy to become more independent and agile. To make it a success story, companies and consumers need to move away from their existing (linear) consumption model (buy-use-discard) and embrace the circular model. The Circular Economy Action Plan (CEAP) sets out a number of key action points to use goods and materials longer and keep materials within the EU.

Turning this plan into a coherent legislative framework still requires considerable effort, both from governments (EU, federal and regional) and industry. Some risks and bottlenecks are:

- Monitoring the single market and ensuring coherence across policy areas;
- The new focus on lifetime extension (instead of just focusing on end-of-life recycling);
- Efficient and effective enforcement;
- The lack of testing capacity at notified bodies.

The chemicals policy: blessing or curse?

The chemicals policy was introduced in 2006, with REACH¹ and CLP² as the main components. Partly due to the registration requirement, knowledge about the risks of chemicals has certainly increased. In our country alone, more than 9,000 registration dossiers have been submitted. Currently, 224 substances have been identified as 'substances of significant concern'. Those substances are subject to the communication obligation in the supply chain, including the SCIP database with more than 10 million registrations.

59 out of 224 substances are formally covered by the authorisation procedure and several restrictions apply. However, it is clear that the actual, legal provisions for authorisations and restrictions are not without challenge. 2 key examples:

- The proposal to include lead in authorisation, while more than 30 different regulatory risk management frameworks already exist today (e.g., RoHS, ELV, various other restrictions such as drinking water pipes, BOEL, etc.). Moreover, this will have an undesirable impact on the recycling of several critical and strategic raw materials.
- The proposal to universally restrict PFAS for all applications. This amounts to over 10,000 different substances and numerous applications in green and digital technologies for which the EU wants to become more independent (e.g., batteries, heat pumps, seals, insulation foam, microchips, etc.).

In the current process, the danger of the substance is the starting point. There is a general lack of comprehensive analysis of alternative risk management options and the wider impact of the proposed authorisation/restriction on other key EU policies.

¹ REACH: Registration, Evaluation, Authorisation of Chemicals Regulation

² CLP: Classification, Labelling & Packaging Regulation

More administration without added value

For companies in the technology industry, administrative burdens are increasing. A good example is the SCIP database. In it, companies have to enter all kinds of data if more than 0.1% of a 'substance of significant concern' is present in a homogeneous part of a product. Identifying the presence of such substances is quite a challenge. After all, global supply chains are dynamic and extremely complex. The latter also applies to the products themselves.

The main purpose of the SCIP database is to make the necessary information available to account for the presence of these substances in recycling. And yet, despite more than 10 million registrations, there is no evidence that the flow of information has improved significantly or that the data from the database is being used effectively.

New chemicals policy: still wait and see

The chemicals policy review is imminent. Expected changes are the mandatory registration of certain polymers and a wider sustainable chemicals policy with the introduction of new concepts such as safe and sustainable by design or essential use. Overall, little is known today about the final scope and content of the review.

Transition to zero pollution puts further pressure on businesses

The European 'Zero pollution' agenda is in full swing. It will herald a fundamental shift in health and environmental protection. The current concept of best available technologies to set emission limits for certain industrial activities is shifting to a more impact-driven regulation that also takes diffuse emissions into account. This puts pressure on the technological but also economic feasibility of further emission reductions in certain industrial activities.

Roadmap to sustainable prosperity

#1 Promote the circular economy at EU level

- Develop product-specific measures to extend product lifetime. Shift the focus to lifetime extension measures (to support reuse, upgrading, refurbishment, repair, etc.) under the Ecodesign for Sustainable Products Regulation (ESPR). Evaluate other existing regulations, remove barriers to circular business models and thus avoid hindering product life extension.
- Secure the EU single market for the circular economy and create an open EU market for high-quality recycling. At the same time, ensure the necessary market surveillance (ESPR requirements) and sufficient testing capacity at notified bodies.
- Set application-specific quality standards for recycled plastics to increase their availability.
- Make environmental footprint methods comparable to evaluate (specific) environmental impacts, determine appropriate measures and support green claims. Develop standardised, feasible and relevant evaluation methods per environmental claim. Thus, create transparency and comparability instead of a generic LCA approach. Avoid double regulation (e.g., policy for sustainable chemicals).

#2 Encourage innovation to scale up CE business models and products.

Support this with a transparent, coherent and accessible financing framework, which emphasises the knowledge transfer to industry.

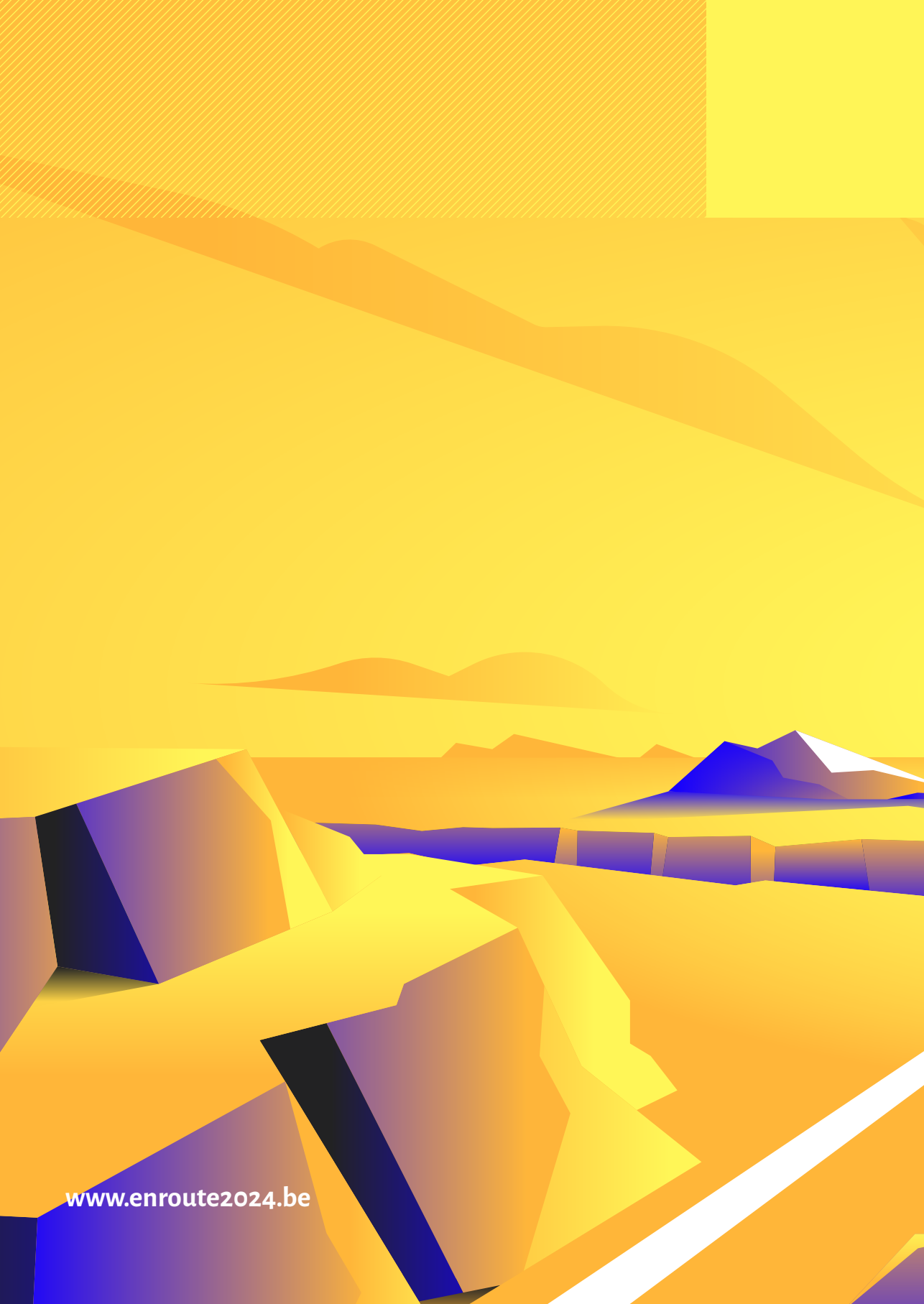
#3 Take steps towards a more efficient, streamlined chemicals policy that promotes zero pollution.

- Adopt a science-based risk approach as the basis for the review.
- Ensure consistency and coherence between chemicals policies and other key EU regulatory frameworks. This is to avoid replacing certain substances of concern with others that are not necessarily better (e.g., lead is often replaced by tin and bismuth, both of which are much more scarce).
- Analyse and reduce the administrative load.
- Build knowledge to ensure technological feasibility of future environmental standards within the framework of zero pollution.

Technology for a better world

By reducing our own emissions and using fewer primary raw materials, we aim to further reduce the impact of the technology industry on the environment. The innovative technologies developed by our sector help other companies and the rest of society to protect our planet and accelerate the climate transition.

In our sustainability strategy for the sector, we therefore set the goal that by 2030, at least half of our member companies will be working on a circular project that focuses on extensive waste management, reduced loss of raw materials, recycling, product life extension or circular business models.



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