



EUROCHAMBRES TWIN TRANSITION SURVEY

September 2022

 **EUROCHAMBRES**



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Introduction

Recent economic shocks and the subsequent slowdown make investments more important than ever to improve resilience, guarantee stability, and accelerate the path towards sustainability. The European Union is providing support to national economies with the NextGenerationEU, its Recovery and Resilience Facility (RRF) instrument, and temporary schemes for liquidity support and employment (e.g., the State aid Temporary Crisis Framework). However, in the longer term, private investment in the digital sector, sustainable technologies and skills development must be stimulated to drive growth.

The Eurochambres Twin Transition Survey gathered feedback from chambers of commerce and industry in 19 countries across Europe. The survey ran during July 2022 and included questions on investment performance and accessibility of EU funding, the digital transition and green transition.

The survey was conducted to acquire a picture of business barriers and incentives in relation to greening and digitalising their activities and also – considering the challenging economic conditions across Europe - to understand the investment climate that is such a critical factor in the twin transition. Respondents additionally provided information on initiatives of national and regional chambers to support businesses at various stages in their digital and green transition.

One main takeaway of this survey is in the imperative need to address shortages of skilled workers and of raw materials for Europe's twin transition. It is also apparent from the responses that increasing global competitors and emerging trends are main drivers of domestic demand of goods and services. This underlines the importance of a capacity to innovate and adapt for European companies' competitiveness, both in the single market and internationally.

The responses also highlight the need to mitigate the pressure on businesses in complying with stringent regulations and standards, and excessive reporting obligations.

The feedback from this survey reinforces the importance for businesses of reliable, expert and effective support during the digital and green transition. As trusted service providers to the business community and established interlocutors with public authorities at EU, national and regional level, European chambers are well placed to provide such support and to accompany businesses through this complex process, which will be pivotal to their sustainability and competitiveness.

1. Are digital and green investments for businesses picking up?

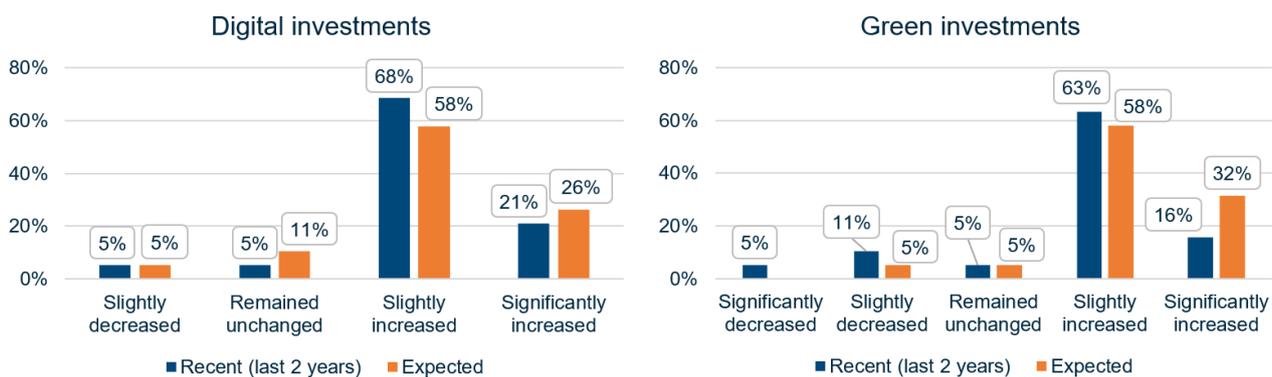
While the Covid-19 pandemic accelerated the adoption of digital and sustainable technologies, the war in Ukraine has diminished companies' investment plans. Nonetheless, digital and green investments increased slightly according to over 60% of the respondents (68% and 63% respectively), and they are forecasted to increase consistently once economic conditions improve.

According to the survey respondents, investments in digital technologies (32%) are expected to maintain their momentum and increase more consistently, compared to the green investments (26%). The implementation of digital technologies is easier and requires lower post-investment operating costs like maintenance and day-to-day operations costs.

This information fully reflects the increasing commitment of companies to embark on the twin transition, although the extent to which companies can allocate both financial and human resources depend on incentives and external factors, such as:

- Introduction of new tax credits for digital and green transition.
- Total or partial tax exemption for private investments in the fields of energy efficiency and green projects.
- Capacity to efficiently invest in new machinery and technology without losing competitiveness.
- Identification of strategic dependencies in specific sectors (semiconductors, cybersecurity).
- Reduction of existing gaps with firms operating in other economies such as the United States and China.
- Implementation of solutions to possible credit tightening from banks.

Figure 1 - Digital and green investment performance



Box 1

Recovery and Resilience Facility – is funding reaching companies?

With €723.8 billion in loans and grants, the RRF aims to make European economies and societies more sustainable, resilient, and better prepared for the green and digital transitions. Overall, member states have allocated almost 40% of the spending in their plans to climate measures and more than 26% on the digital transition, exceeding the agreed targets of 37% for climate and 20% for digital spending.

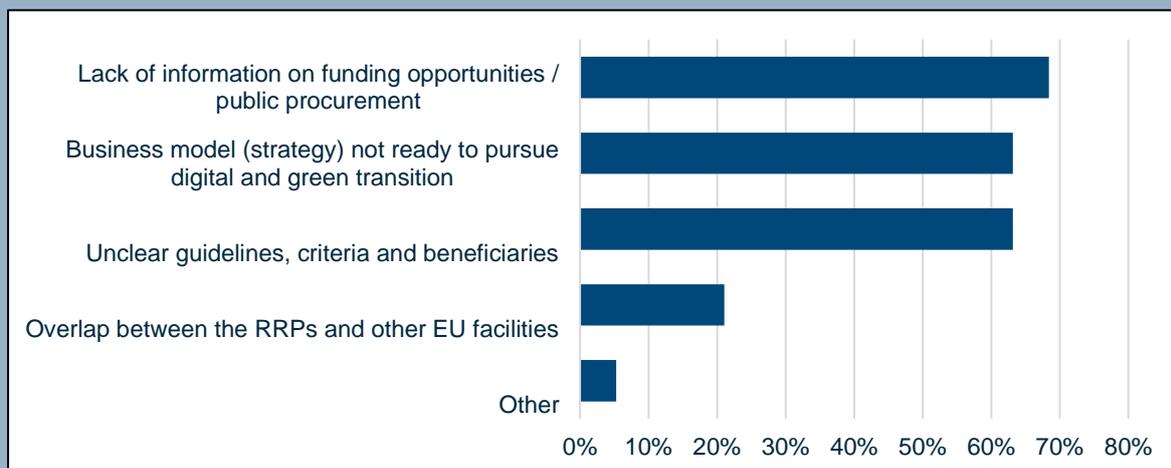
However, chambers of commerce and industry note several obstacles encountered by companies in the use of EU financial resources. Almost 70% of survey respondents identify a lack of information on available funding and public procurement. As final recipient of the resources granted under the RRF, companies require further guidance and access tools to consider and plan strategic investments.

The lack of a clear strategy or a business model not designed to pursue the twin transition is the second main issue, according to 63% of respondents. This partially depends on the sector in which businesses operate, with companies operating in ICT and services more flexible in adapting their business to new needs.

Among the respondents, 63% consider unclear guidelines, criteria, and beneficiaries a barrier in accessing EU financial resources. In this context, the chamber network plays a crucial role. As highlighted in the May 2022 [Eurochambres' position on the RRF](#), the involvement of chambers in national and regional level discussions is fundamental to guarantee the most efficient deployment of the funding and the consistency of the proposed reforms. Further initiatives such as more targeted promotion and information dissemination are also needed.

One in five respondents identified the potential overlap between the RRF and other EU facilities as a difficulty.

Figure 2 - Difficulties in the use of EU financial resources



2. Digital transition in Europe: from surviving to thriving

2.1 Barriers to digitalisation

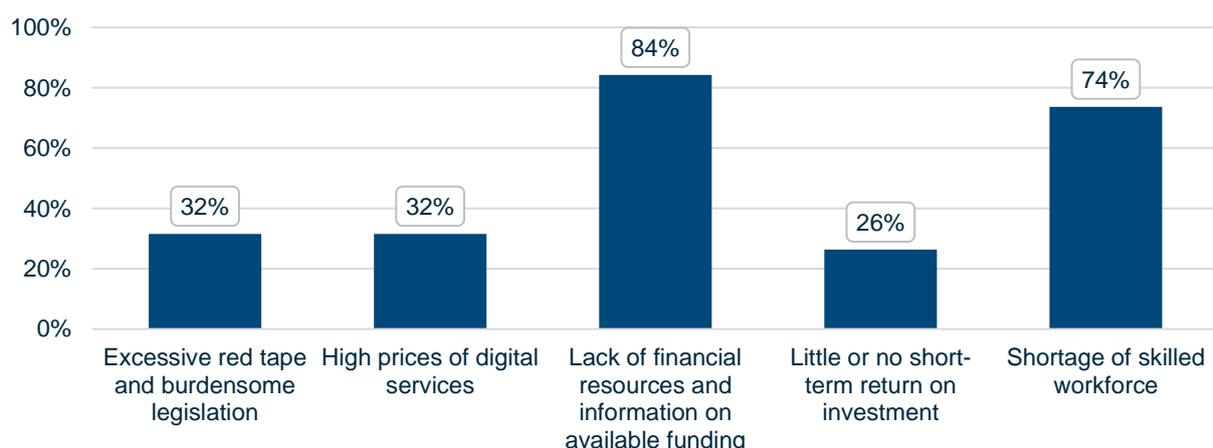
Covid-19 accelerated the digitalisation process with new emerging trends contributing to the positive performance of service providers. Companies operating in ICT, financial and insurance services, and manufacturing have particularly benefitted from new business opportunities. Less digitalised businesses such as those operating in the construction and transportation sectors have struggled more.

Companies continue to face obstacles in implementing digital processes and introducing new practices. While some technological adaptation measures required little investments in infrastructure and knowledge (web conferencing platforms, creation of e-commerce), other measures such as the use of Artificial Intelligence (AI) and Internet of Things (IoT) have proven to be more challenging due to a modest perceived relevance for small companies and their capacity to handle big data and exploit such innovations.

Most respondents (84%) highlight a lack of financial support and information on available funding as the main reason preventing businesses from technological innovations to having access to technologies also requires the capacity to efficiently integrate them in a business model, which in turn necessitates access to expertise. It is therefore striking that 74% of respondents cite limitations in access to staff with relevant skills for the digitalisation process. This observation is further evidence of a broader skills shortage phenomenon that is perceived as a main challenge for European businesses¹.

More than one in three respondents consider red tape and excessive legislation in the digital field, high prices of digital services, and limited immediate return on investment as barriers to the switch towards digitalisation.

Figure 3 - Barriers to digitalisation



¹ As highlighted in the Eurochambres Economic Survey EES2022, lack of skilled workers was perceived as a challenge already in late 2021. Full report available [here](#).

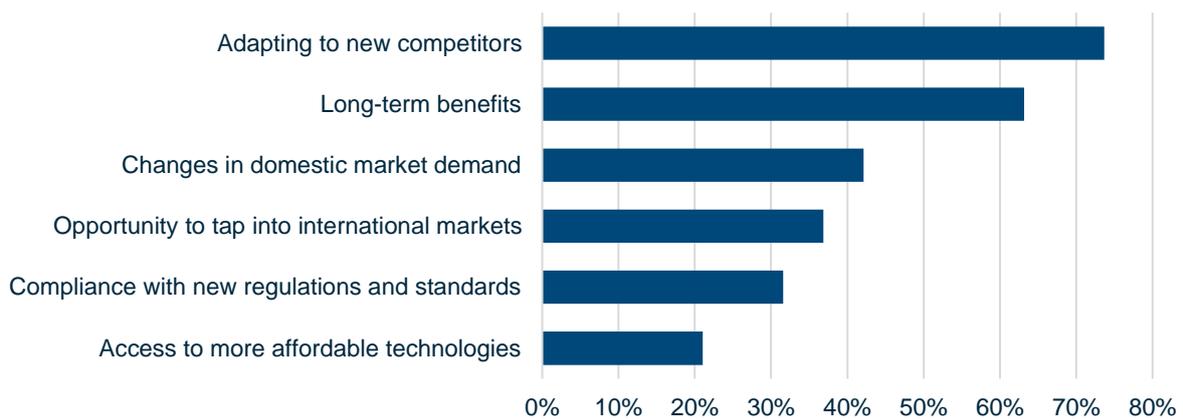
2.2 Chamber expectations: the future is digital

According to 74% of respondents, digitalisation is paving the way for more competitive business models through new methods of production and distribution, and a new competition paradigm based more in intangible assets. At the same time, 63% of respondents highlight that increased competition represents both a threat and an opportunity to embrace the digital transition and to pursue long-term growth.

Digitalisation is also associated with the reduction of costs of scaling up production and promotion as well as with the flexibility in adapting to domestic market demand (42%) and foreign markets opportunities (37%). This capacity depends on facilitating actions and tools such as:

- The use of platforms that allow small companies to sell online and expand their range of customers also to foreign ones.
- The implementation and use of cloud computing services to provide smaller and newer firms – such as start-ups – with access to computing power, without investing in physical infrastructure.

Figure 4 - Incentives to digitalisation



3. Green transition: unsustainable conditions for companies?

3.1 Barriers to greener business models

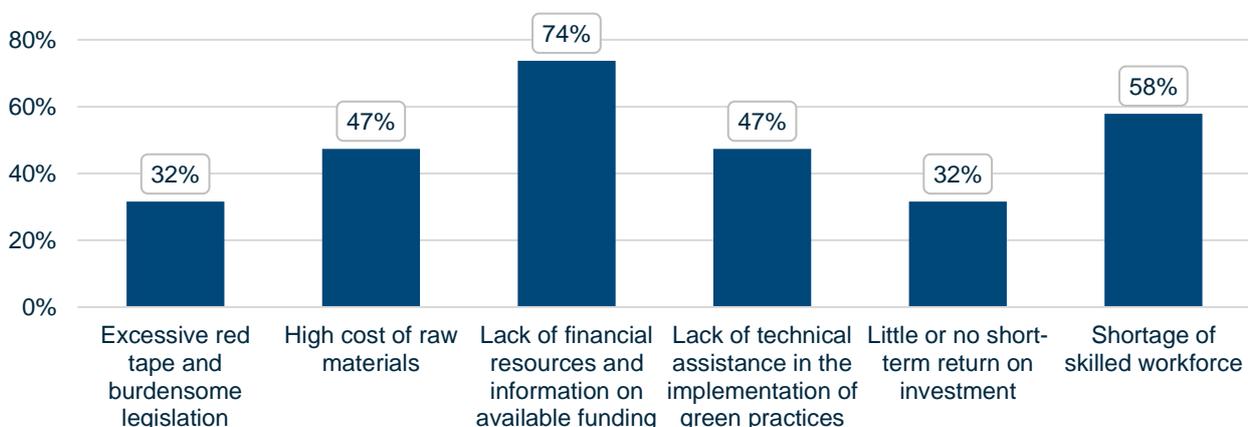
The implementation of green practices greatly depends on the initial investments needed to restructure a company’s business model. Despite the efforts of the European Commission to deliver on the objectives of the Green Deal by supporting businesses, the latter continue to record difficulties in accessing financial resources for green projects and initiatives (74%). An efficient system for disseminating information among stakeholders, sharing best practices, community building, and effective dialogue between business representatives and public authorities on funding opportunities are crucial elements to facilitate the ecological transition for companies.

A shortage of skilled workers also restricts businesses’ capacity to implement green practices. This is underscored by 58% of respondents and confirms an already existing trend in the European labour market². Similar considerations arise when considering the technical dimension of the green transition. According to 47% of the respondents, the lack of expertise and technical assistance in the fields of energy efficiency, waste sorting, reduction of greenhouse gas (GHG) emissions, and water treatment prevents the smooth implementation of green practices.

The appetite of companies for green technologies is strongly influenced by the price developments in the energy market. The war in Ukraine made the cost of energy rise even more, pushing up consumer-price inflation and increasing uncertainties for business in Europe. In our main annual economic publication, the [Eurochambres Economic Survey 2022](#) published before the begin of the war, over 52,000 companies highlighted strong concerns to access affordable energy and raw materials. This factor is confirmed by 47% of the surveyed national chambers in this survey.

One-third of survey respondents consider red tape and burdensome legislation as obstacles to the introduction of sustainable practices in the business model. The same percentage identify a long-term return on investment as an obstacle.

Figure 5 - Barriers to greener business models



² As remarked in the [2022 Eurochambres report ‘Green skills in the eyes of European businesses’](#), chambers of commerce and industry highlighted the importance to update school programmes, advisory programmes for companies, and the need of upskilling programmes for adults as supportive measures to accelerate businesses’ efforts towards greener jobs.

3.2 Chamber expectations: reduce the regulatory burden for a Just Transition

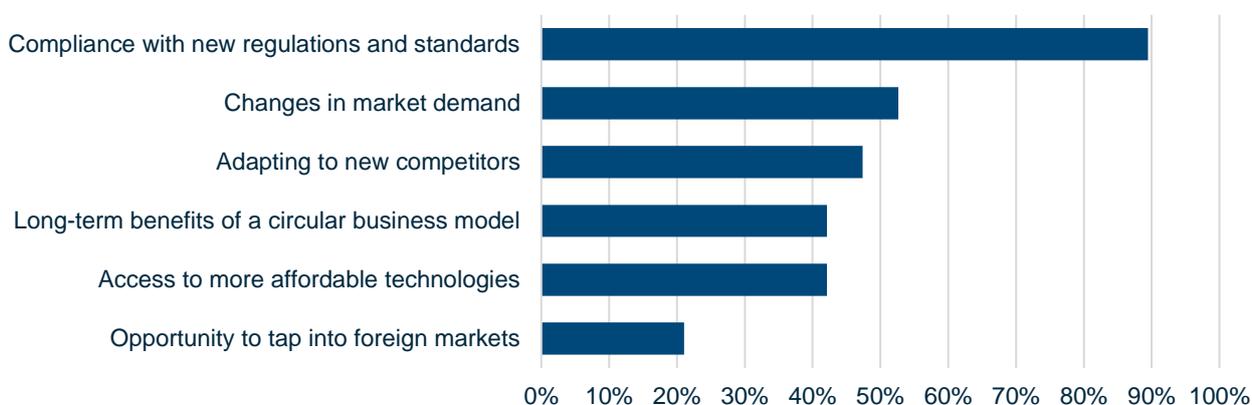
Although individually, SMEs have a small emissions footprint, they cumulatively contribute significantly to total emissions. In its 2021/2022 SME performance Review (SPR)³, the European Commission points out that as a whole, 91% of SMEs had adopted at least one form of environmental or social sustainability action, with a majority of SMEs being active in recycling or reusing materials (61%) and resource consumption (52%).

Many businesses, especially SMEs, often struggle with compliance with evolving environmental standards and policies as a result of unclear regulations and guidelines. The vast majority of respondents (9 out of 10) highlight concerns for the current regulatory framework and their difficulty in adapting accordingly. It is crucial that the European Commission and national authorities take this into account in relation to the Fit for 55 package of proposals to revise and update EU legislation in order to cut emissions by at least 55% by 2030.

Around half of respondents (53%) point to the significance of changes in market demand in incentivising sustainable business models. To respond to changes in consumer behaviour and expectations, businesses need to operate according to transparent sustainability standards. However, this also depends on the need to adapting to new competitors in Europe and abroad (47% and 21% of respondents, respectively) and relies on effective measures to address potential unfair commercial practices.

According to 42% of respondents, the technologies required to succeed in the green transition are gradually becoming more affordable and accessible to a larger share of companies. This is associated with the increase of companies' capacity to supply goods internationally at reduced costs and through digital means. Despite lower costs in sourcing technologies for sustainable practices, chambers emphasise the increase in post-investment operating costs. This will create further financial pressure, especially on smaller businesses and risk reducing business engagement in achieving green objectives. Nonetheless, over 40% of respondents agree on the long-term benefits of a greener and cleaner business model.

Figure 6 - Incentives for a sustainable business model



³ SME Performance Review Annual Report 2021/2022 available [here](#).

4. Policy recommendations

Exploring the potential of digital and sustainable business models is gradually gaining momentum across European companies. However, the switch from mere awareness to concrete actions such as investments in new technologies at the micro level is hindered by several barriers, which need to be addressed and minimised by policy-makers if the twin transition is to gain momentum across the European business community and prove to be a growth strategy, as intended.

Digital transition:

- **Deepen the single market:** Facilitating the free movement of goods and services and the removal of barriers to trade within Europe – online and offline - is imperative to succeed in the twin transition. This should be reflected in the Commission's working programme. In addition, a real Digital Single Market should be built to grant free movement of data across borders.
- **Create the right conditions for innovation:** The European Commission could create new incentives for the set-up of regulatory sandboxes, for instance in the area of Artificial Intelligence.
- **Provide targeted technical assistance** to companies dealing with new procedures. This is crucial to steer the economy towards more technological business models. Support should be granted in the form of financial resources by reducing – for instance – the costs for trainings, upskilling and reskilling of the workforce.
- Entrepreneurs need to expand their **knowledge and information in the field of data protection and digital security**. Being able to correctly collect, manage, and protect data offers the potential for substantial benefits such as additional flexibility in adapting to the market demand and trends.
- **Ensure reliable access to strategic inputs and components** such as raw materials, necessary to develop technological and sustainable solutions.
- **Equip urban and rural areas with high-speed connectivity and suitable infrastructure**. Deploying such infrastructure not only facilitates businesses' digital processes, but also stimulates local territorial development.
- Further efforts in **harmonising legislations on trade secrecy and intellectual property rights protection** must be pursued. This will contribute to a level playing field for all companies.

Green transition:

- **Speed up permitting procedures:** businesses need access to affordable renewable energy as part of their transition process. Lengthy administrative procedures for sustainability projects are one of the key obstacles for investments in renewables and related infrastructure. A maximum length of permitting procedures of two years should be set and enforced.

- **Compensate businesses for high energy prices** to safeguard their competitiveness. Companies need immediate action, but the temporary crisis framework must allow for long-term support of businesses.
- **Support skills development:** The up- and reskilling of workforce is a huge project, and the private sector will bear a significant portion of the cost of this transformation. To support businesses in that regard, public funding targeted in the green economy must be increased, from both EU funds and from national programmes.
- **Encourage R&D in the fields of sustainable products, renewable energy and green technologies** through research grants, public procurement, tax incentives.
- **Make eco-design innovation-friendly:** The proposed Eco-design Directive for improving the environmental performance of products must avoid excessive requirements, which would limit the diversity of products on the market and hinder innovation. Corresponding specifications on the durability, repair-friendliness and recyclability of products should therefore give companies sufficient flexibility in developing new products.

5. Examples from the Chamber network

Digital projects and activities

KMU.DIGITAL (Austria)	This digitalisation programme, funded by the government, provides comprehensive support mainly to SMEs. The programme includes consulting services and financial support for investments in new technologies and digitalisation.
Voka Digihub (Belgium)	Connecting SMEs to digital tools/infrastructure/demo pilots at knowledge institutes to test/experiment digital technologies before implementing or commercialising the same.
Voka Digital Quick Scan (Belgium)	Measuring the digital maturity of Flemish companies, followed by bilateral discussions to discuss needs and opportunities and to link companies to relevant programmes/partners.
Digital Transformation of Entrepreneurship (Greece)	The project is implemented by the Union of Hellenic Chambers in partnership with local Chambers, Bar Associations, Notaries Associations, and the Economic Chamber of Greece. The funding authority is the Ministry of Digital Governance with a budget of €39 million. The project aims to upgrade and promote the Trade Register (GEMI) as a policy tool for the public administration, through the collection and analysis of data and information entered therein, to develop the interoperability of GEMI with other national data bases, to issue, on a free basis, 270.000 digital signatures to businesses and 106.000 digital signatures to notaries, lawyers, and economists.
Modern Enterprises Program (Hungary)	The programme provides no-cost, personalised expert assistance for the IT development of businesses, as well as exclusive consultancy or pre-qualification services for the acquisition of certain EU funds.
Digital company one stop shops – Punti Impresa digitale (Italy)	In the framework of the Enterprise 4.0 National Plan, the Italian Ministry of Economic Development (MISE) has defined since 2017 an Italian network to assist companies and assign a precise role to chambers through their PID network. The latest data shows that 500.000 users benefitted from PID services. In particular, 45.000 businesses took the self-assessment test to measure their level of digital maturity (SELFi4.0), while 5.000 took the guided version of the same assessment (ZOOM4.0).
Go Digital programme (Luxembourg)	<p>Via its Go Digital programme, the House of Entrepreneurship (HoE) of the Luxembourg Chamber of Commerce encourages and accompanies SMEs in establishing their future digital strategies. The Go Digital programme consists of the following steps:</p> <ul style="list-style-type: none"> • Diagnosis and orientation towards the right contact in terms of digitalisation • Awareness raising with numerous workshops conducted by experts • Assistance in implementing digital solutions in partnership with Luxinnovation through the Fit 4 Digital Packages, specially designed to support SMEs in their digital transition by implementing tailor-made solutions. <p>This last aid, which is aimed at very small companies, offers financial support (voucher of €5.000) for companies that purchase one of the packages provided for in the programme (Digital Marketing, Customer Relationship Management, Organizational Management).</p>
Center for Digital Transformation (Serbia)	CDT project is the main national driving force for the coordination and implementation of digital transformation in all industries from the private sector, with a special focus on SMEs.
Digital academy (Serbia)	Designed by the centre for digital transformation to help owners and managers in SMEs to understand and implement digital practices. The digital academy is an interactive platform to acquire knowledge and expertise in digital marketing, business models and innovation or customer centric business.

Sustainability projects and activities

Energy Institute of Businesses (Austria)	<p>The project (Energieinstitut der Wirtschaft, founded by WKÖ) offers information on energy transition and efficiency for business sectors (e.g., green foods initiative).</p>
go-international (Austria)	<p>The Foreign Trade Section of WKÖ offers market access for GreenTech into world markets – supported by the Austrian Economic Affairs Ministry.</p>
Pacte Entreprises et Droit de l'Homme (Luxembourg)	<p>The Luxembourg Chamber of Commerce has signed the National Pact "Business and Human Rights". It is part of the National Action Plan "Business and Human Rights," adopted by the government in December 2019. It is a voluntary commitment aimed at business leaders wishing to implement the United Nations Guiding Principles on Business and Human Rights. This pact, which will prepare companies to the directive regarding "human rights and environment due diligence," will have an impact on all the value chain of suppliers in Luxembourg and abroad.</p>
House of Sustainability (Luxembourg)	<p>The House of Sustainability serves as an entry point for companies that want to develop sustainability projects. It references all partner organisations and guides companies to awareness events, training, regulatory monitoring, advice, financial aid, or specific demands.</p>
NOVA BHRE – NOVA Knowledge Center for Business, Human Rights and Environment (Portugal)	<p>In 2021, the Portuguese Chamber of Commerce and Industry established a protocol with NOVA BHRE, created within one of the leading universities in Portugal "Nova School of Law". The main goal of the NOVA BHRE is to contribute to fostering responsible and sustainable business conduct in Portugal, Europe and beyond that upholds respect for human rights, decent work and environmental standards throughout global value chains. In this way it aims to advance the UN Sustainable Development Goals. This protocol has had several outcomes such as conferences, webinars, papers, articles, whose main objective is to inform companies, promote awareness and capacity building around key issues of sustainable business conduct and ESG policies.</p>

Annex: Survey respondents

National chambers of commerce and industry

Austria

Austrian Federal Economic Chamber

Ireland

Chambers Ireland

Belgium

Federation of Belgian Chambers of Commerce

Italy

Italian Union of Chambers of Commerce, Industry, Handicrafts and Agriculture

Bulgaria

Bulgarian Chamber of Commerce and Industry

Lithuania

Association of Lithuanian Chambers of Commerce, Industry and Crafts

Croatia

Croatian Chamber of Economy

Luxembourg

Chamber of Commerce Luxembourg

Cyprus

Cyprus Chamber of Commerce and Industry

Malta

The Malta Chamber of Commerce, Enterprise and Industry

Czech Republic

The Czech Chamber of Commerce

Portugal

Portuguese Chamber of Commerce and Industry

Estonia

Estonian Chamber of Commerce and Industry

Serbia

Chamber of Commerce and Industry of Serbia

France

CCI France

Spain

Official Chamber of Commerce, Industry, Services and Shipping of Spain

Greece

Union of Hellenic Chambers of Commerce

Türkiye

The Union of Chambers and Commodity Exchanges of Türkiye

Hungary

Hungarian Chamber of Commerce and Industry

Regional and local chambers of commerce and industry from:

Belgium

Croatia

Cyprus

Greece

Hungary

Lithuania



Further information

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