

NEWS – ECIPE PRESS RELEASE – NEW OCCASIONAL PAPER

Enhancing Technology Diffusion in the EU amid Tough Structural Challenges

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Brussels, 23 September 2024 - The latest [Occasional Paper](#), titled "*Enhancing Technology Diffusion in the EU amid Tough Structural Challenges*", has been published today, emphasising the critical role of technology diffusion in maintaining the EU's global competitiveness. The paper underscores the importance of enabling firms to adopt the best technology solutions available on global markets and calls for EU and Member State governments to prioritise enhancing the EU's "diffusion capacity."

Key Findings:

- Technology Diffusion and Industrial Competitiveness: The paper highlights that technology diffusion is essential for embedding new technologies into society and sustaining industrial competitiveness. The EU relies on corporations across industries to drive the diffusion of technology through the commercialisation of technological innovations.
- Contributors and Beneficiaries: Western and Nordic EU countries generally possess stronger diffusion capacities, allowing them to more effectively adopt, integrate, and capitalise on advanced technologies and high-tech services. Key contributors such as Luxembourg, Ireland, Denmark, Germany, and the Netherlands have established themselves as leaders in high-tech manufacturing and services industries. Meanwhile, countries like Austria, France, Germany, and Central and Eastern European (CEE) countries emerge as significant beneficiaries of technology diffusion.
- Tech Divide and Skills Challenges: The economic divide between Western/Nordic and CEE countries is closely linked to their differing capacities for diffusing knowledge and technology. The paper points out that the digital

intensity of businesses across the EU reveals stark regional disparities, with Nordic countries leading in digital adoption and CEE countries lagging behind.

Policy Recommendations:

To improve the EU's global competitiveness and accelerate Member States' technology diffusion capacities, the paper recommends:

- Reducing Internal Market Trade Barriers: Harmonising regulations to enable firms, especially SMEs, to adopt innovations more easily.
- Advancing International Trade Liberalisation: Fostering global regulatory alignment to allow EU firms to access and integrate cutting-edge technologies from around the world.
- Encouraging Corporate R&D and Innovation: Implementing tax reforms and investment incentives to drive growth and attract leading industry players.
- Investing in Advanced Digital Infrastructure: Ensuring continued investment in critical technologies such as AI and cloud technologies.
- Addressing the Digital Skills Gap: Making targeted investments in STEM education and digital literacy to prepare a future-ready workforce, particularly in regions like CEE.

"To remain globally competitive, the EU must empower firms to adopt the best technology solutions available on global markets. Enhancing the EU's diffusion capacity is crucial for embedding new technologies into society and sustaining industrial competitiveness," says Matthias Bauer, lead author of the study.

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