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Turning Europe's Industrial Genius into Scaled Adoption

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Europe stands at a pivotal moment for its industrial future. The next five years will decide whether we transform our formidable engineering heritage into scaled, modern, globally competitive production, or watch the gap widen with regions that move faster from invention to implementation. The good news is that the game is not lost. With a determined focus on adoption of advanced manufacturing, electrification, and industrial AI, Europe can compress development cycles, lift productivity, enhance quality, and improve sustainability, at scale.

Speed is the new competitiveness

Competitiveness today is not only a question of costs; it is a function of speed. In complex industrial categories, the time it takes to bring a new product to market in Europe can be three to five years. In China, comparable developments often move from design to production in 7–11 months, three to five times faster. That is not a marginal difference; it is an order of magnitude gap.

This disparity is not primarily about taxes, labour, or even the oft cited “regulatory burden.” The core issue lies beneath the waterline: end to end digitalised supply chains, advanced manufacturing technologies deployed at scale on shop floors, and ecosystems that connect equipment, software, and data from R&D through sourcing, production, and service. Industrial software, electrification, and AI are the flywheel, when they spin together across an ecosystem of hundreds of suppliers, the whole value chain accelerates. When even a few links lag, the entire chain slows.

Why do these capability gaps exist? China's industrial base is, in many areas, newer - less constrained by legacy assets and therefore built “digital first.” Public policy has also balanced R&D incentives with adoption incentives, creating real markets for innovation; for example, ambitious national programs to deploy thousands of smart factories this decade. The United States, facing post COVID headwinds similar to Europe's, has likewise introduced policies since 2022 that catalyse industrial modernisation, supporting productivity gains we can already observe in several sectors.

A once in a generation reset

A technology reset is underway. Industrial AI coupled with electrification is redefining how products are designed, manufactured, and maintained. Applied effectively, these technologies can compress engineering cycles, cut energy use, improve quality, and reduce downtime. Analyses indicate the potential for hundreds of billions of euros in value creation across the EU. The decisive factor will not be invention, Europe excels there, but adoption at scale.

At Schneider Electric, we see this daily in our own value chain. We have deployed smart manufacturing across our 200 industrial sites worldwide. Each site serves as an open showcase of modern operations with replicable, globally scalable use cases: digital twins for design and commissioning; AI enabled quality; energy management integrated with process automation; and analytics that continuously optimise performance. We also provide advisory services to help companies move from pilots to programs, and we are working with 1,000 suppliers to help cut their emissions by 50% through technology driven improvements, because a resilient value chain is both sustainable and competitive.

From hands on experience, we know what it takes for a typical mid-size factory, around 5,000 m², 200 employees, and €20–50 million in output, to modernise: roughly €2 million in investment and two to three years of execution. That is a cost and timeline well within reach if financing and capabilities are aligned and if we focus on diffusion, not just demonstration.

Where European funding can move the needle fastest

To restore speed and scale, Europe should prioritise adoption. The proposed European Competitiveness Fund is a crucial opportunity. We recommend allocating at least 30% of its resources to advanced manufacturing technology adoption with a deliberate focus on mid-size industrial companies. These firms, typically with €200 million to €2 billion in turnover, operate on average six factories each; around 70% work across multiple European countries. They are too large for small business national schemes and too small for EU mega project instruments. Yet they account for roughly 30–40% of EU factories by number and form the backbone of Europe's value chains, serving multiple end markets. If we help them modernise quickly, productivity and competitiveness will rise system wide.

Second, Europe should align its financial taxonomy with its strategic intent. Digitalisation and automation must be recognised within the EU's green taxonomy. Electrified, automated, and software defined factories are more energy efficient, more flexible, and lower carbon. Treating these investments as "green eligible" will accelerate capital flows into the technologies that simultaneously advance climate goals and competitiveness.

From pilot islands to platform nations

Europe invented many of the technologies that power advanced manufacturing. We have the talent, the research institutions, and the industrial depth. What we need now is an execution model that converts "pilot islands" into platform level diffusion: common data layers from design to shop floor; interoperable standards; financing that de risks first three sites and then scales to the next thirty; and workforce programs that lift digital and AI fluency for operators, engineers, and suppliers alike.

This is not an abstract agenda. It means empowering a German machine builder, an Italian component specialist, a French electronics plant, a Polish systems integrator, and a Spanish chemical producer to share a common digital backbone, so that design changes propagate instantly, suppliers plan and deliver with precision, lines reconfigure in weeks not months, and energy is managed as a controllable input, not a fixed cost. It means turning Europe's diversity of champions into an ecosystem advantage.

A call to action

Europe's industrial story has always been one of ingenuity and resilience. The next chapter will be written by those who move fastest from innovation to adoption. If we direct at least 30% of the European Competitiveness Fund toward advanced manufacturing adoption, focus that support on the mid-size backbone of our value chains, and recognise digital and automation as green eligible, we will convert ambition into outcomes: higher productivity, strategic autonomy, lower emissions, and good jobs in every region.

We know what works. We know what it costs. And we know the gains we can achieve, quickly, when policy, finance, and technology pull in the same direction. Let's make Europe the most local of global manufacturing leaders again: electrified, digital, AI enabled and built to win.

About the author



Gwenaëlle Avicé Huet leads Schneider Electric's Industrial Automation business and has been on its Executive Committee since 2022. She joined in 2021, previously serving as Chief Strategy and Sustainability Officer and EVP of Europe Operations.

Earlier, she held senior executive roles at ENGIE, including CEO of ENGIE North America and head of Renewable Energies. Her background also includes nuclear research, the World Bank, and advisory roles to the French government.

She is a Board member of Air France–KLM and a WEF Young Global Leader.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,750 billion, manufacturing one-third of all European exports and providing over 11 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.

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