

A Competitiveness Compass for the EU

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NetworldEurope and 6G-IA Workshop – 13 May 2025





“ **Europe has everything it needs to succeed in the race to the top.** But, at the same time, we must fix our weaknesses to regain competitiveness.

The **Competitiveness Compass transforms the excellent recommendations of the Draghi report into a roadmap.**

So now we have a plan. We have the political will. What matters is speed and unity. The world is not waiting for us. All Member States agree on this.

So, let's turn this consensus into action.

*Presentation of the Competitiveness Compass,
European Commission, 29 January 2025*



Competitiveness at the core of the EU policy agenda

FINANCIAL TIMES

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Mario Draghi delivers downbeat outlook for EU economic growth

Bloc is falling behind its global counterparts, says former ECB president

Opinion **The FT View**

Whatever it takes to boost European competitiveness

Draghi unveils an ambitious economic agenda, but politics will be a sticking point



World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾

EU leaders to demand sweeping competitiveness drive at summit

By Reuters



World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ More ▾

Draghi says EU is falling behind its rivals in competitiveness

By Philip Blenkinsop

September 4, 2024 7:50 PM GMT+2 · Updated 5 months ago



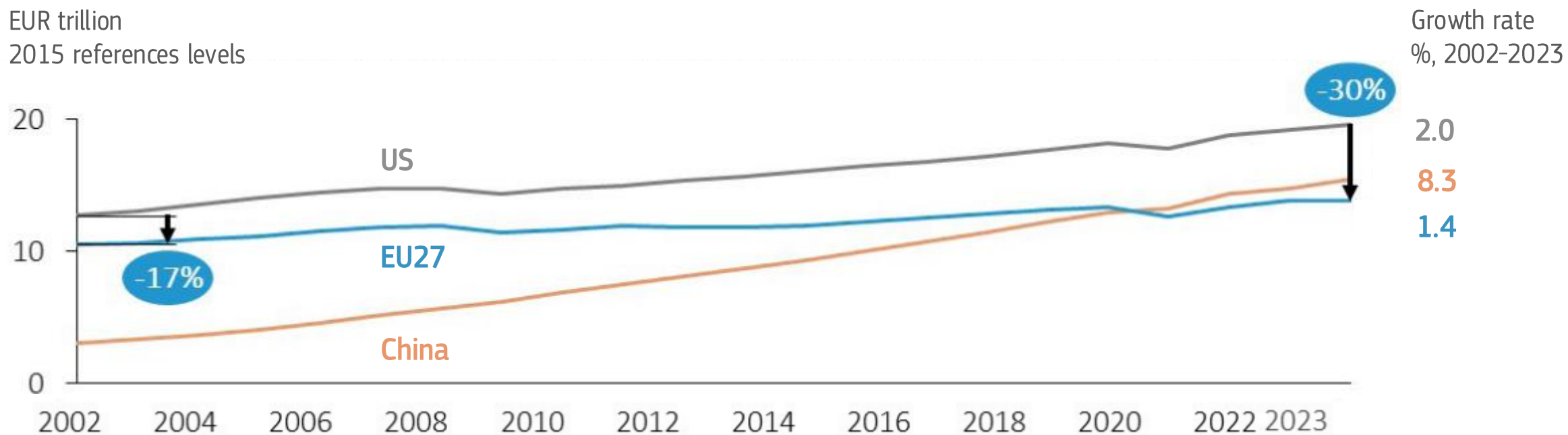
EU leaders vow to make bloc more competitive in face of Trump threat

Budapest meeting finds consensus on need to raise growth and productivity as 'America first' protectionism looms



EU's divergent economic trajectory

Real GDP evolution 2002-2023: EU US and China

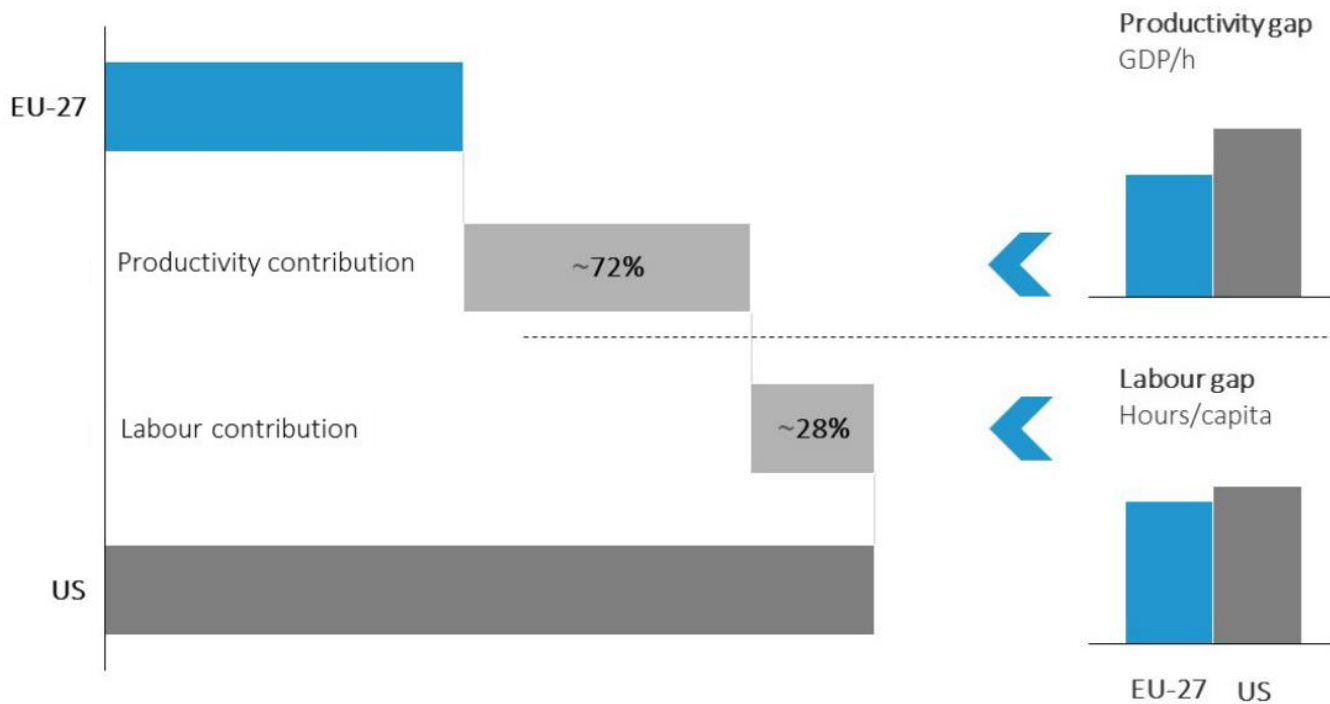


Source: OECD 2024



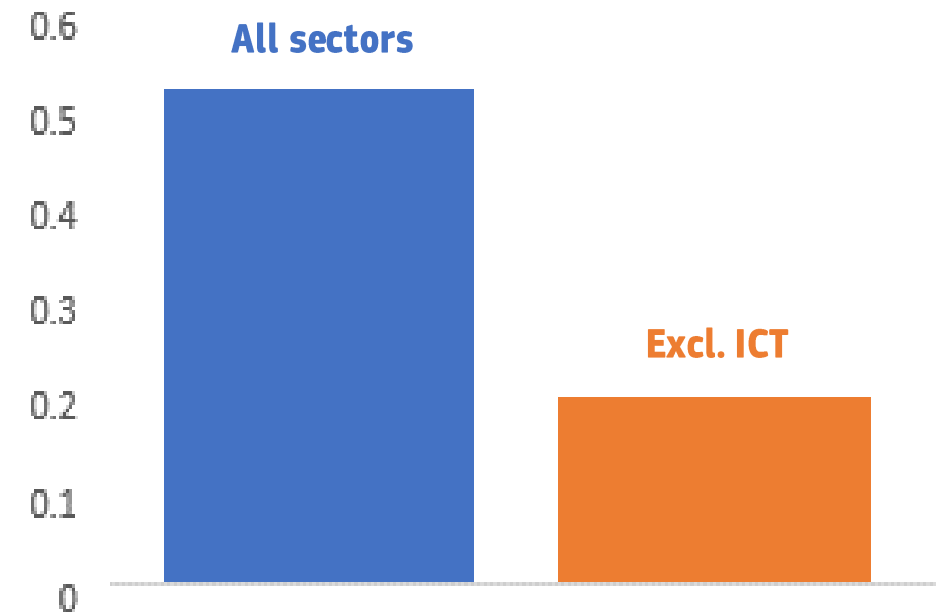
I. Need to close the innovation gap

GDP per capita 2023 (constant PPP prices in EUR)



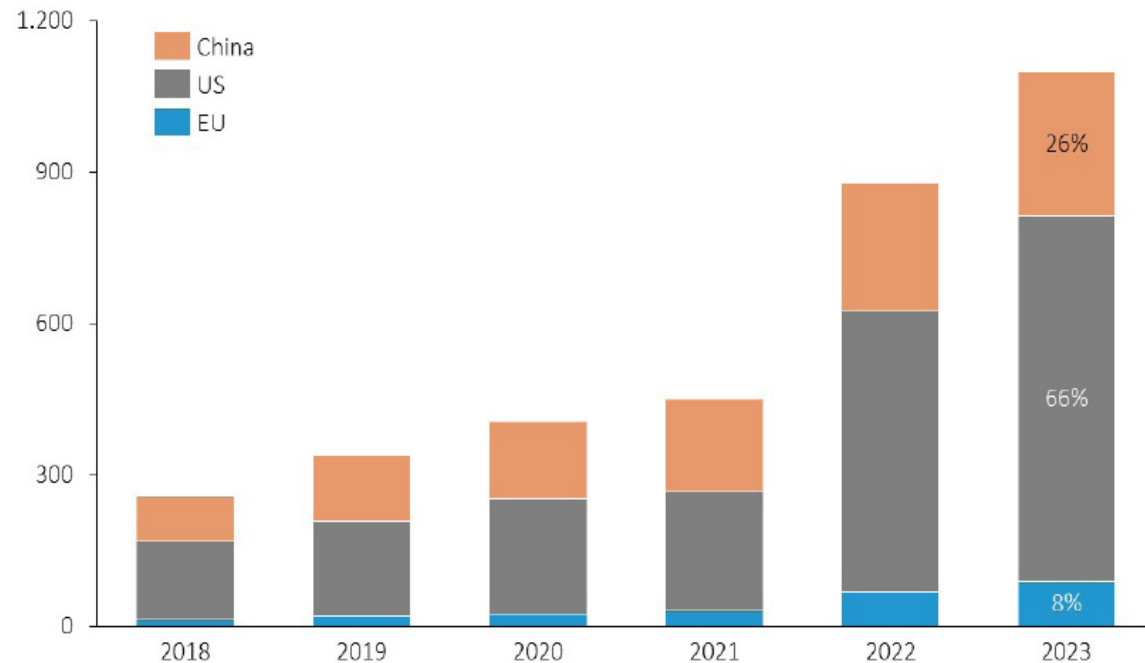
Source: AMECO

US minus EU productivity growth 2000-2019



I. Need to close the innovation gap

Europe lags on active unicorns



Source. Pitchbook, Accessed 2024

Top R&D spenders in Europe are the same over 20 years

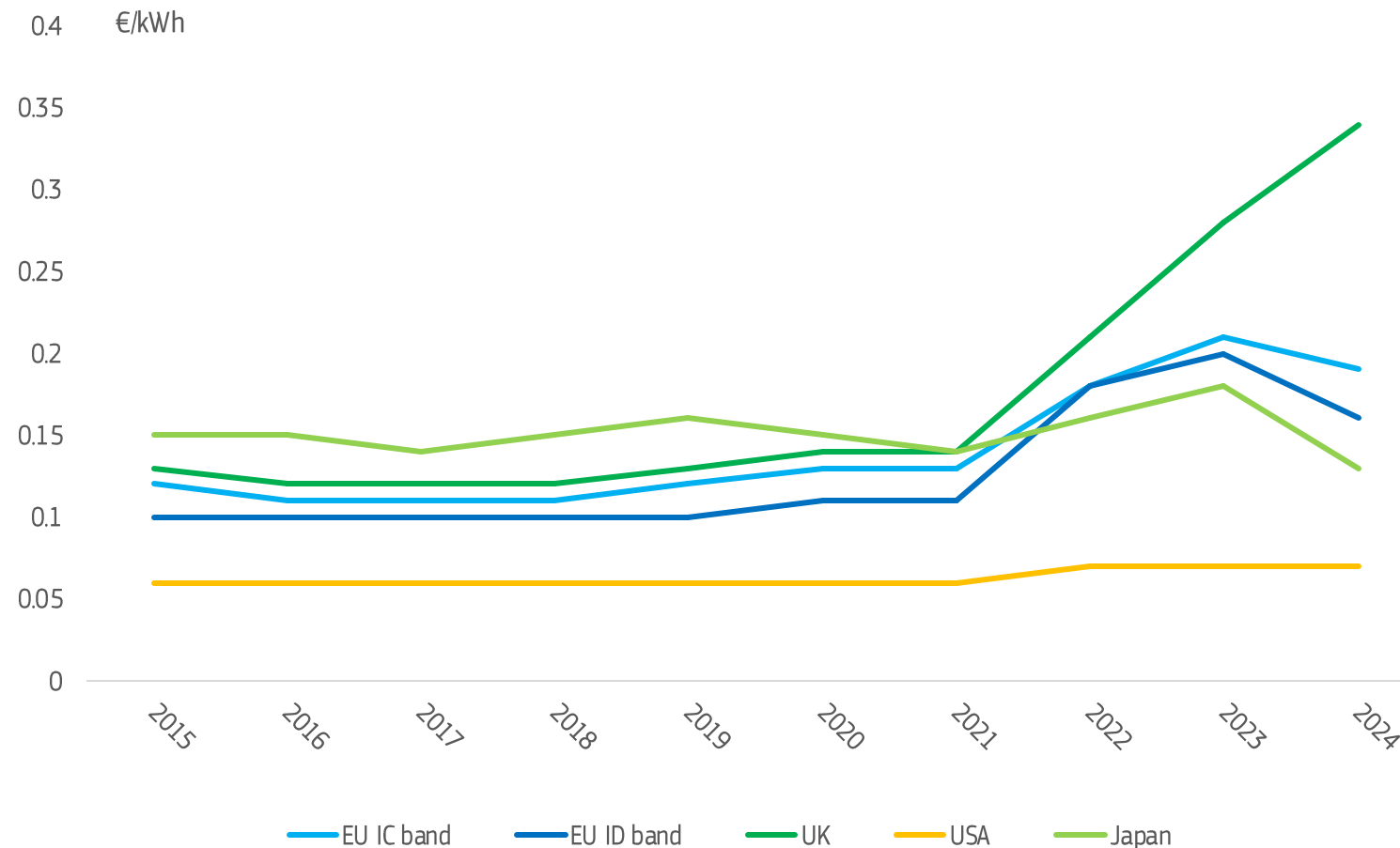
	2003	2012	2022
US	Ford (auto) Pfizer (pharma) GM (auto)	Microsoft (software) Intel (hardware) Merck (pharma)	Google (software) Meta (software) Microsoft (software)
EU	Mercedes (auto) Siemens (electronic) VW (auto)	VW (auto) Mercedes (auto) Bosh (auto)	VW (auto) Mercedes (auto) Bosh (auto)

Source. Fuest et al. (2024). Based on the EU Industrial R&D Investment Scoreboard.



II. A joint plan for decarbonisation and competitiveness

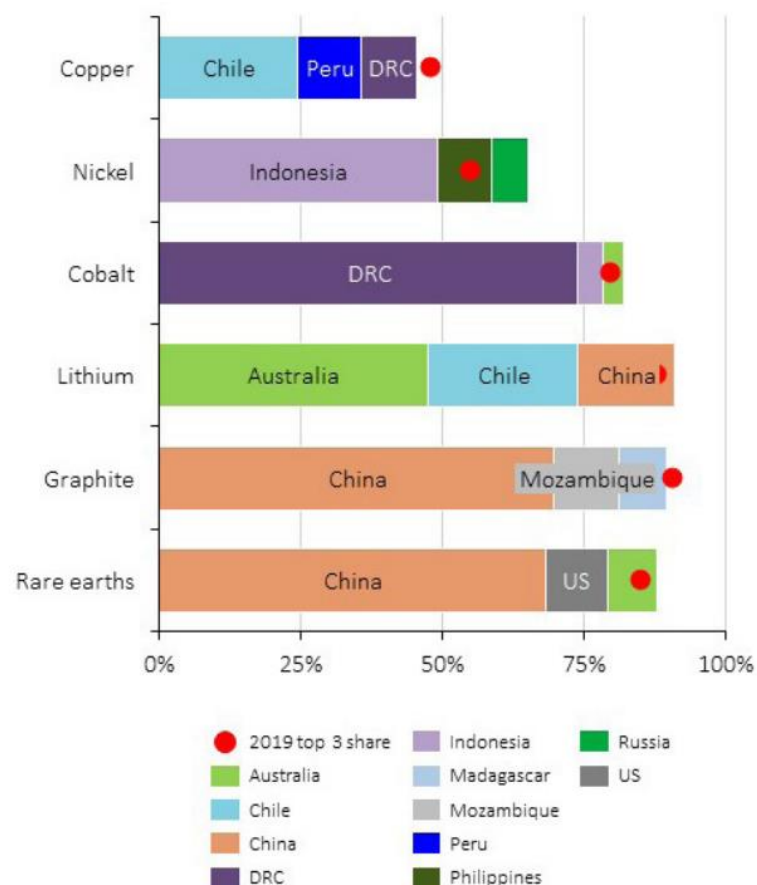
Electricity prices in the EU and other advanced economies, Q1-Q2 2024



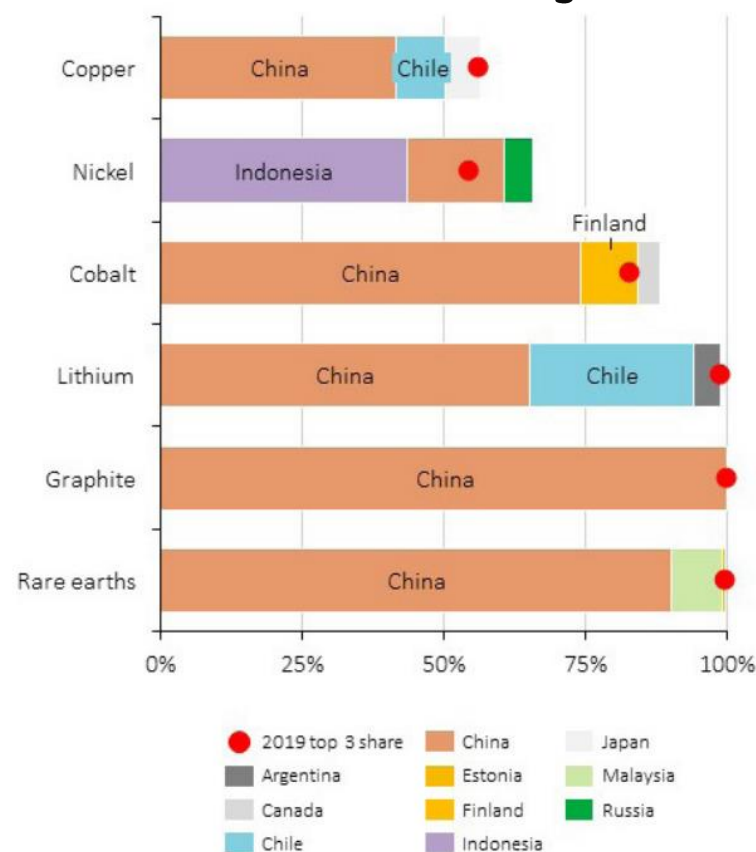
III. Excessive dependencies can become vulnerabilities

Concentration of extraction and processing of critical resources

Extraction



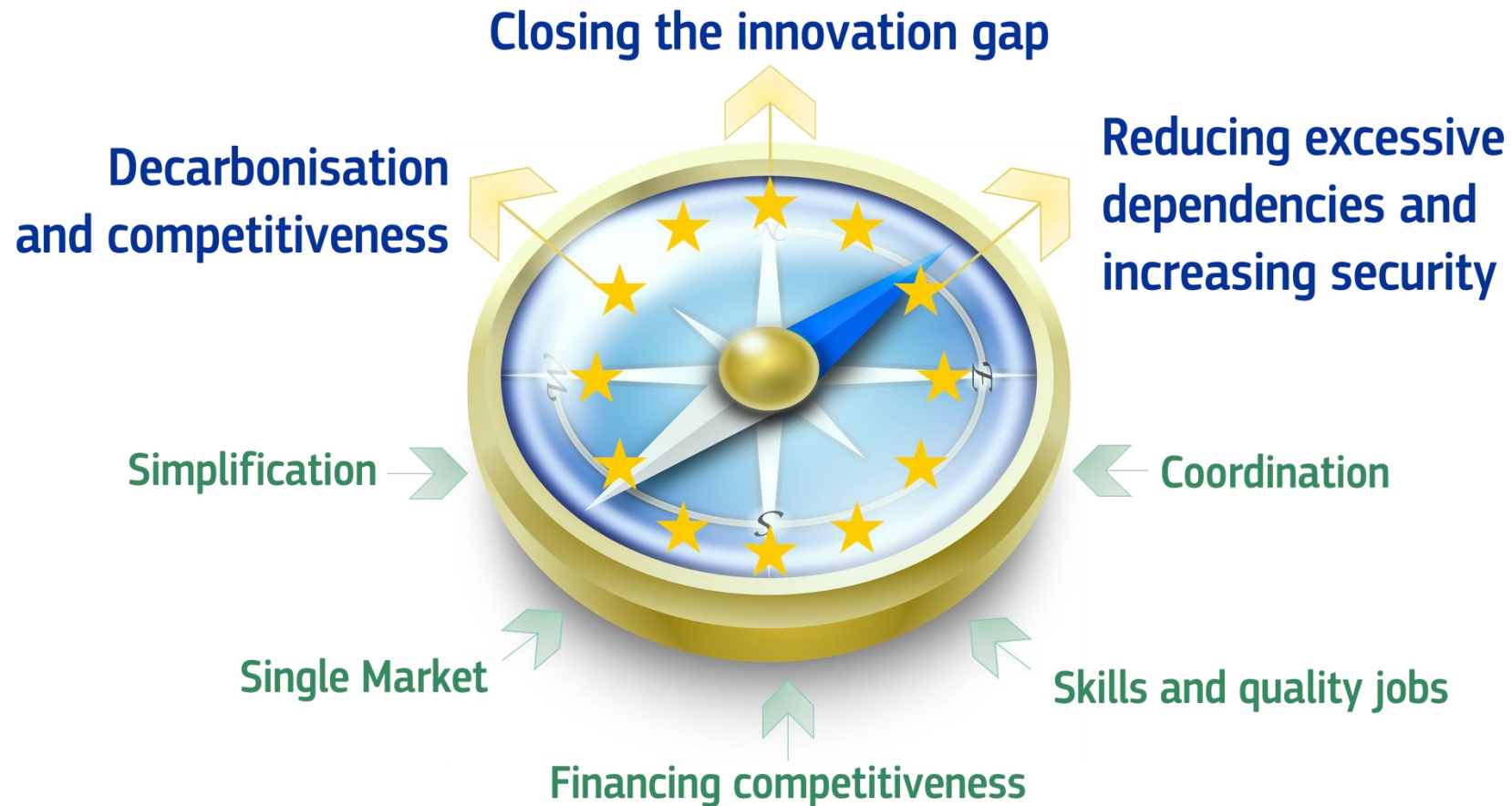
Processing



Share of top-three producing countries in total production for selected resources and minerals, 2022

A Competitiveness Compass for the EU

Sustainable prosperity and competitiveness



Flagship initiatives listed in the Competitiveness Compass

Closing the innovation gap

- Start-up and Scale-up Strategy [Q2 2025]
- 28th regime [Q4 2025 – Q1 2026]
- European Innovation Act [Q4 2025 – Q1 2026]
- European Research Area Act [2026]
- AI Factories Initiative [Q1 2025], Apply AI, AI in Science, and Data Union Strategies [Q3 2025]
- EU Cloud and AI Development Act [Q4 2025 – Q1 2026]
- EU Quantum Strategy [Q2 2025] and a Quantum Act [Q4 2025]
- European Biotech Act and Bioeconomy Strategy [2025-2026]
- Life Sciences Strategy [Q2 2025]
- Advanced Materials Act [2026]
- Space Act [Q2 2025]
- Review of the Horizontal Merger Control Guidelines
- Digital Networks Act [Q4 2025]

A joint roadmap for decarbonisation and competitiveness

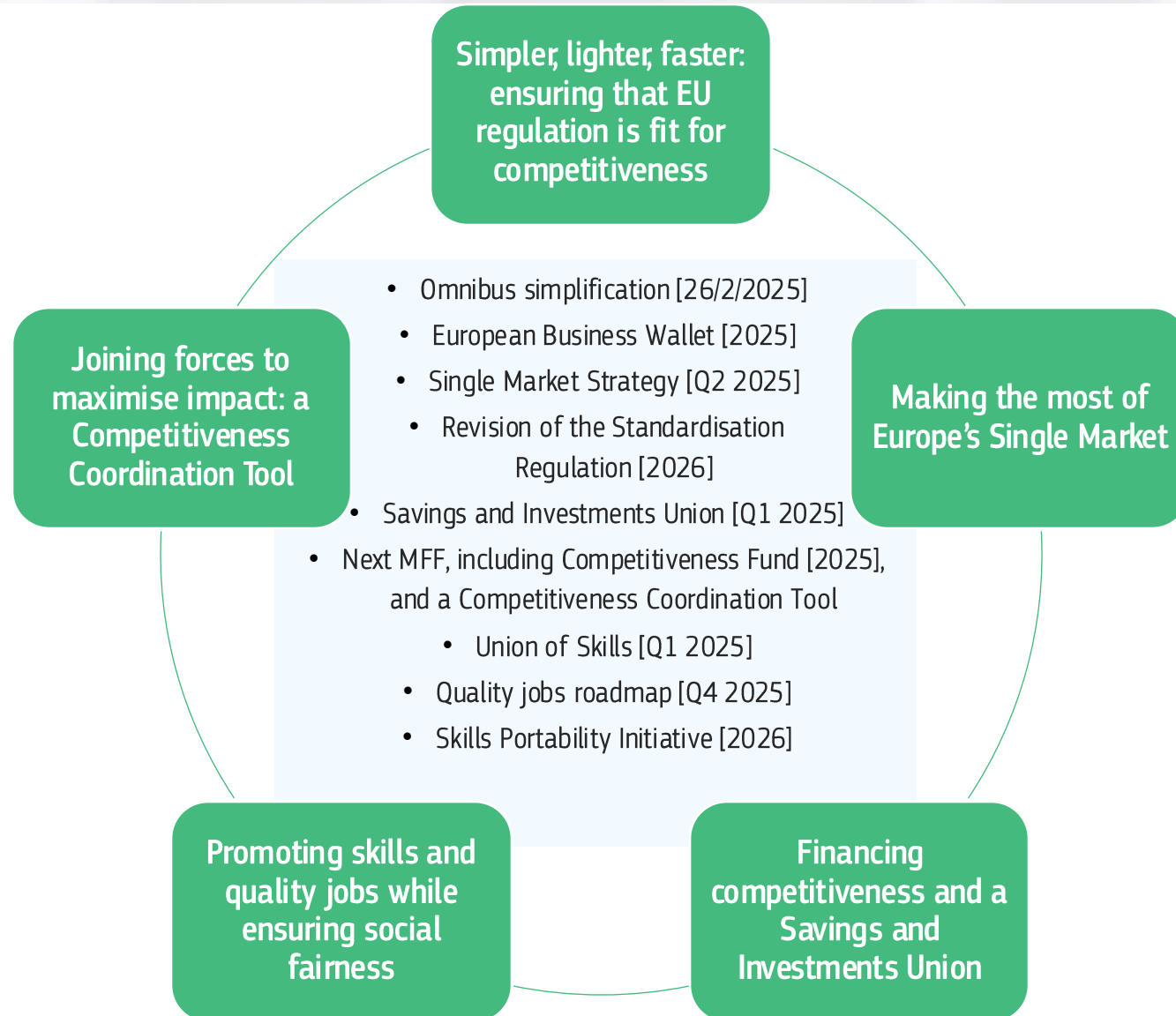
- Clean Industrial Deal and an Action Plan on Affordable Energy [Q1 2025]
- Industrial Decarbonisation Accelerator Act [Q4 2025]
- Electrification Action Plan and European Grids Package [Q1 2026]
- New State Aid Framework [Q2 2025]
- Steel and metals action plan [2025]
- Chemicals industry package [Q4 2025]
- Strategic dialogue on the future of the European automotive industry and Industrial Action Plan [Q1 2025].
- Sustainable Transport Investment Plan [Q3 2025]
- European Port Strategy and Industrial Maritime Strategy [2025]
- High Speed Rail Plan [2025]
- Carbon Border Adjustment Mechanism Review [2025]
- Circular Economy Act [Q4 2026]
- Vision for Agriculture and Food [Q1 2025]
- Oceans Pact [Q2 2025]
- Amendment of the Climate Law [2025]

Increasing security, reducing excessive dependencies

- Conclude and implement ambitious trade agreements, Clean Trade and Investment Partnerships
- Trans-Mediterranean Energy and Clean Tech Cooperation initiative [Q4 2025]
- Joint purchasing platform for Critical Raw Minerals [Q2-3 2025]
- Revision of directives on Public Procurement [2026]
- White Paper on the Future of European Defence [Q1 2025]
- Preparedness Union Strategy [Q1 2025]
- Internal Security Strategy [Q1 2025]
- Critical Medicines Act [Q1 2025]
- European Climate Adaptation Plan [2026]
- Water Resilience Strategy [Q2 2025]



Horizontal Enablers



Simplification

Reduction in recurring administrative costs by end of mandate via 25% target

37.5bn
EUR



Companies saying EU regulation is an obstacle to long-term investment

61%



Thousands

Companies in the EU that will benefit from a new small mid-caps definition as part of a set of Omnibus



A Competitiveness Coordination Tool

Advantages:

- **Coordination** of EU and national industrial and investment policies (instead of "beggar-thy-neighbour" competitiveness policies)
- **Streamlining** in relation with the Semester process (i.e. reporting, etc.)
- **Refocused funding** from EU Budget

Pilot Areas:

- **Energy and transport infrastructure** (electricity grids, storage, sustainable fuels, charging)
- **Digital infrastructure and AI vertical use cases**
- **Biotechnology**
- **Key manufacturing capacities** (e.g. critical medicines)

Competitiveness Priorities

Competitiveness Pilots
to achieve EU Priorities

Implementation linking
national actions to EU Priorities

Funding



Key Messages | Competitiveness Compass

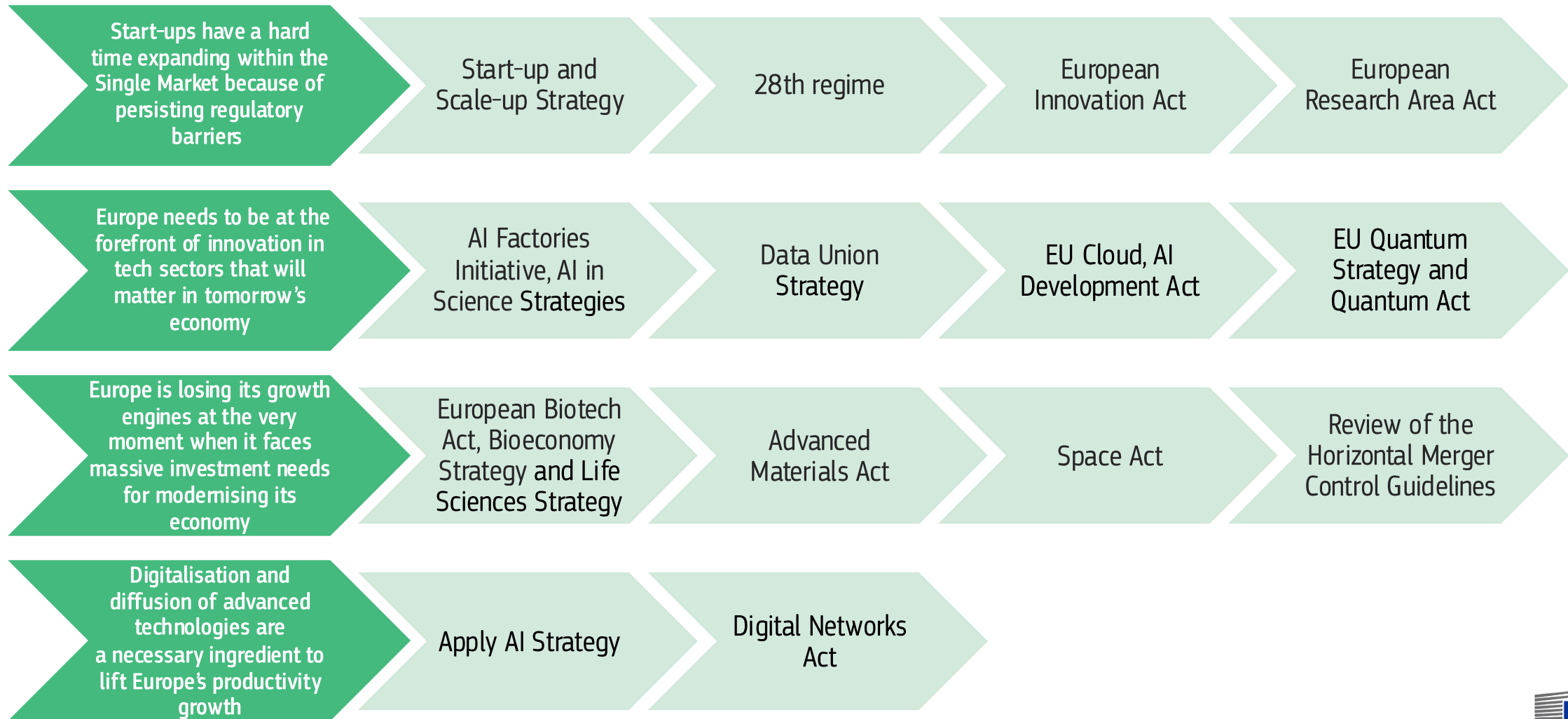
- Competitiveness is the **EU's overarching principle for action**.
- The new **competitiveness model is based on innovation-led productivity**.
- Europe has many economic strengths, but it must **urgently tackle longstanding barriers and structural weaknesses** that hold it back.
- There are **three transformational imperatives** to boost competitiveness:
 - Closing the innovation gap
 - A joint roadmap for decarbonisation and competitiveness
 - Reducing excessive dependencies and increasing security
- The EU needs to make **simplification and coordination the centre stage of the future policy making**.



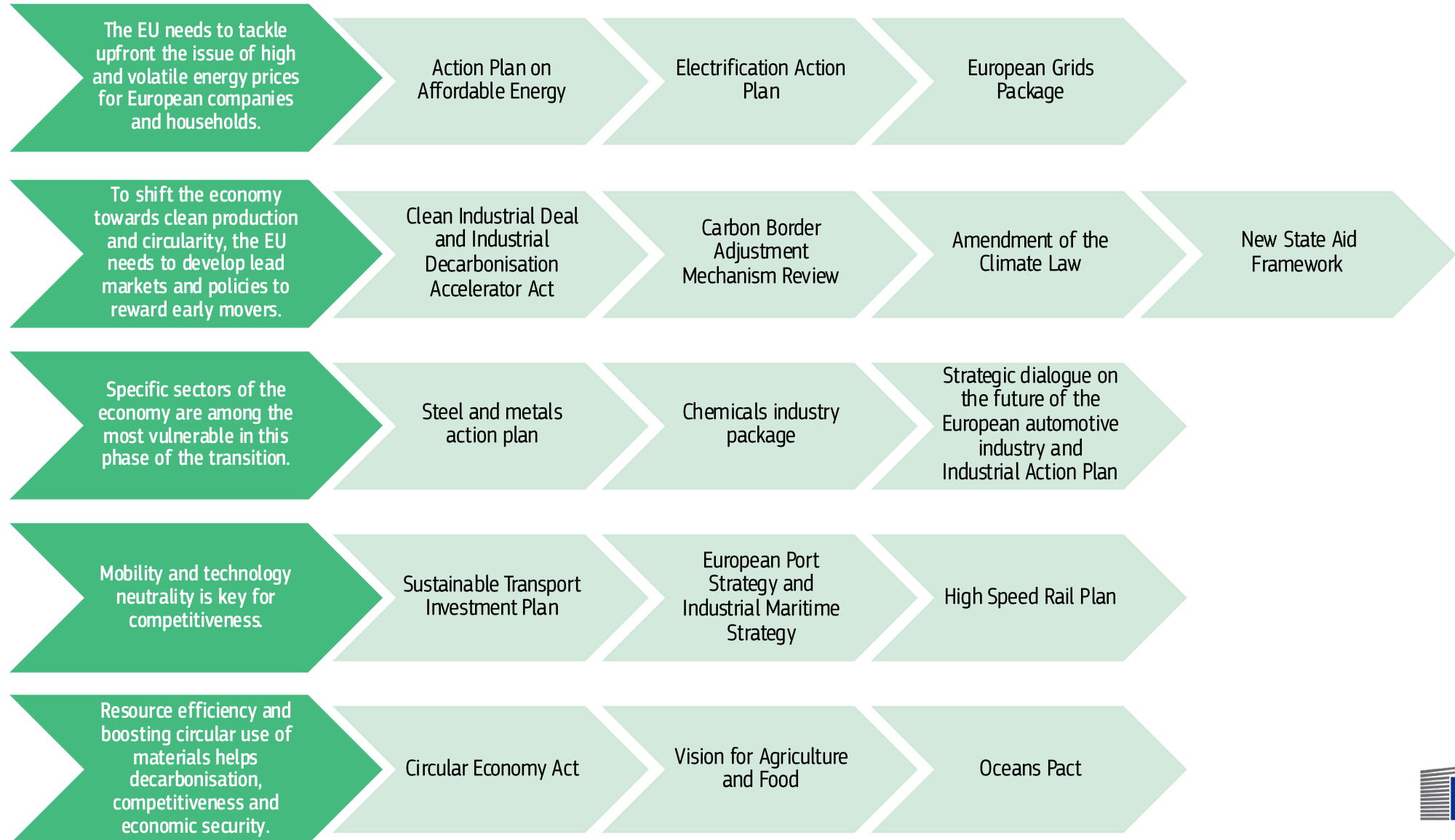
Thank you



Pillar I. Closing the innovation gap



Pillar II: A joint roadmap for decarbonisation and competitiveness



Pillar III: Reducing excessive dependencies and increasing security

