A Competitiveness Compass for the EU



Dimitri Lorenzani – Member of the Competitiveness Task Force 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

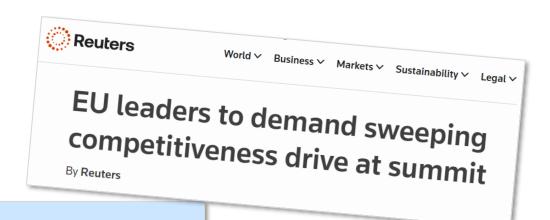


Competitiveness at the core of the EU policy agenda

FINANCIAL TIMES

COMPANIES TECH MARKETS CLIMATE OPINION LEX WORK & CAREERS LIFE & ARTS HTSI 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

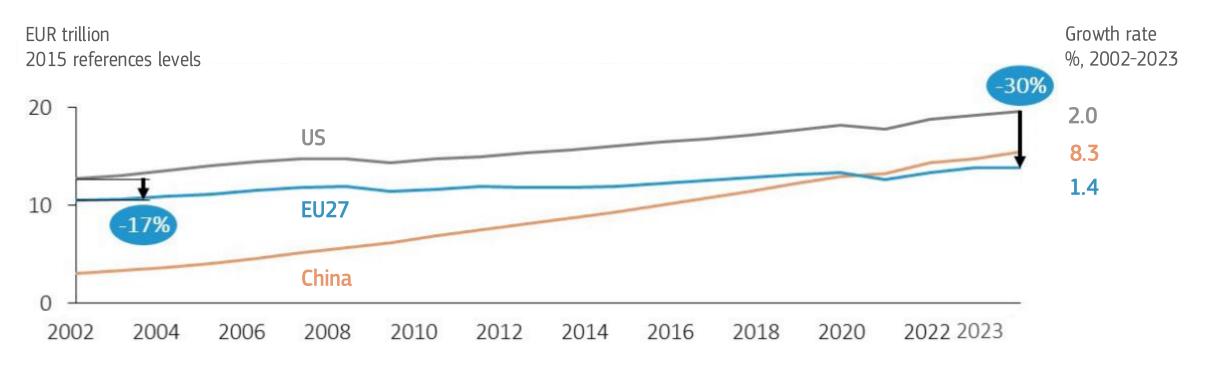
EU leaders vow to make bloc more competitive in face of Trump threat

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



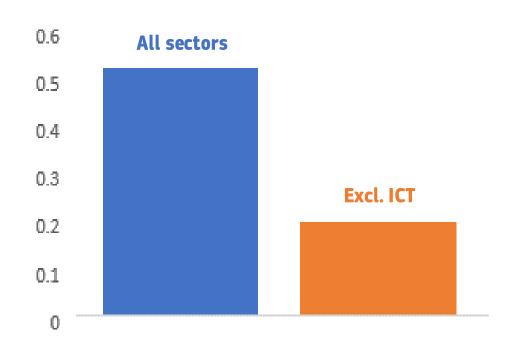


I. Need to close the innovation gap

GDP per capita 2023 (constant PPP prices in EUR)



US minus EU productivity growth 2000–2019

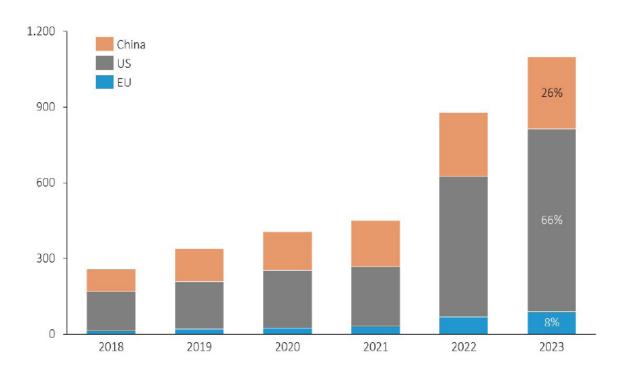


Source: AMECO



I. Need to close the innovation gap

Europe lags on active unicorns



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

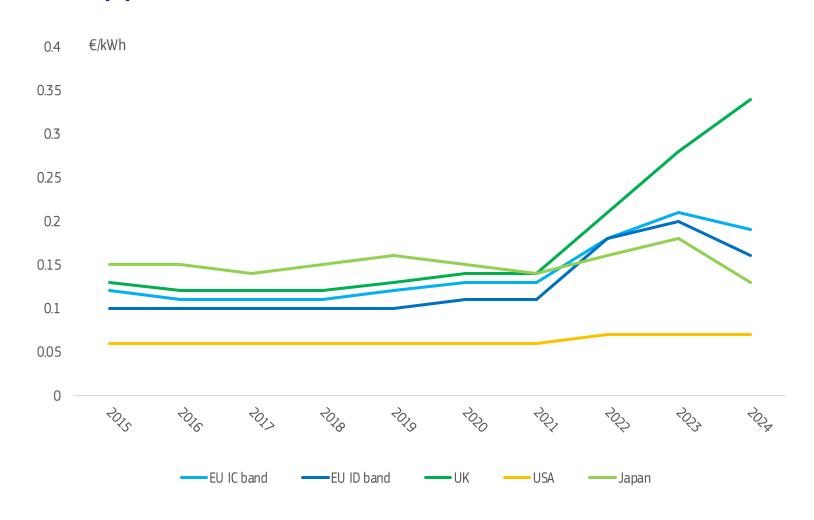
	2003	2012	2022
US	Ford (auto) Pfizer (pharma) GM (auto)	Microsoft (software) Intel (hardware) Merck (pharma)	Google (software) Meta (software) Microsoft (software)
EU	Mercedes (auto) Siemens (electronic) VW (auto)	VW (auto) Mercedes (auto) Bosh (auto)	VW (auto) Mercedes (auto) Bosh (auto)

Source. Pitchbook, Accessed 2024

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

II. A joint plan for decarbonisation and competitiveness

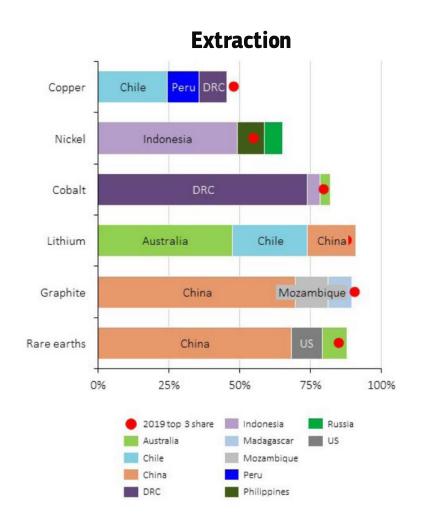
Electricity prices in the EU and other advanced economies, Q1-Q2 2024

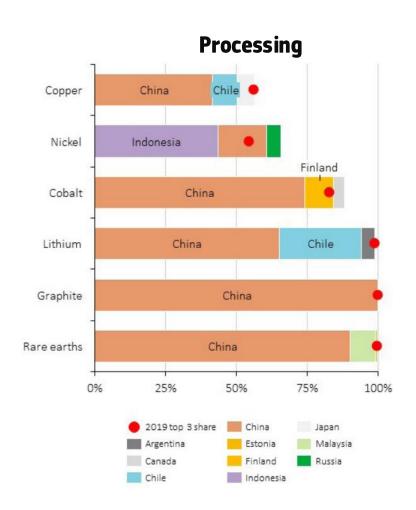




III. Excessive dependencies can become vulnerabilities

Concentration of extraction and processing of critical resources



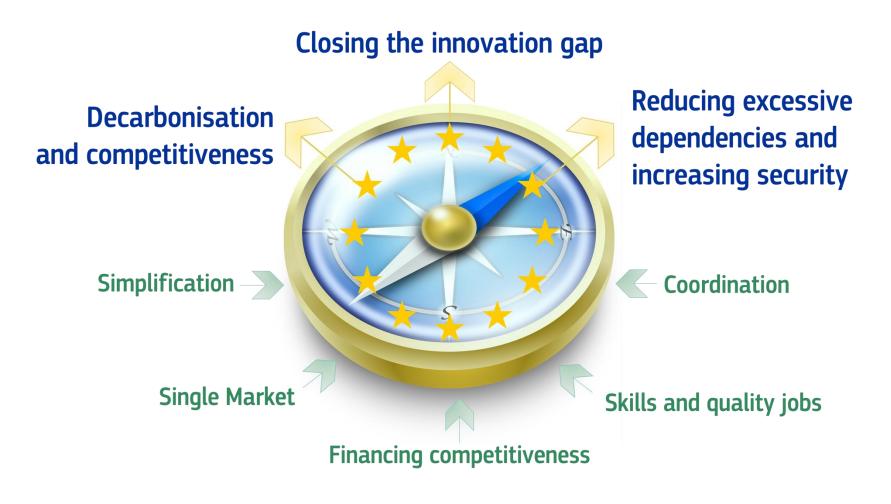


Share of top-three producing countries in total production for selected resources and minerals, 2022



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]
- Al Factories Initiative [Q1 2025], Apply Al, Al in Science, and Data Union Strategies [Q3 2025]
- EU Cloud and Al 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

Simpler, lighter, faster: ensuring that EU regulation is fit for competitiveness

Joining forces to maximise impact: a Competitiveness Coordination Tool

- Omnibus simplification [26/2/2025]
- European Business Wallet [2025]
- Single Market Strategy [Q2 2025]
- Revision of the Standardisation Regulation [2026]
- Savings and Investments Union [Q1 2025]
- Next MFF, including Competitiveness Fund [2025], and a Competitiveness Coordination Tool
 - Union of Skills [Q1 2025]
 - Quality jobs roadmap [Q4 2025]
 - Skills Portability Initiative [2026]

Promoting skills and quality jobs while ensuring social fairness

Financing competitiveness and a Savings and Investments Union

Making the most of Europe's Single Market



Simplification

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

37.5bn **EUR** 61% **Thousands**

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

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

Competitiveness Priorities

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 Pilots to achieve EU Priorities



Implementation linking national actions to EU Priorities





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.

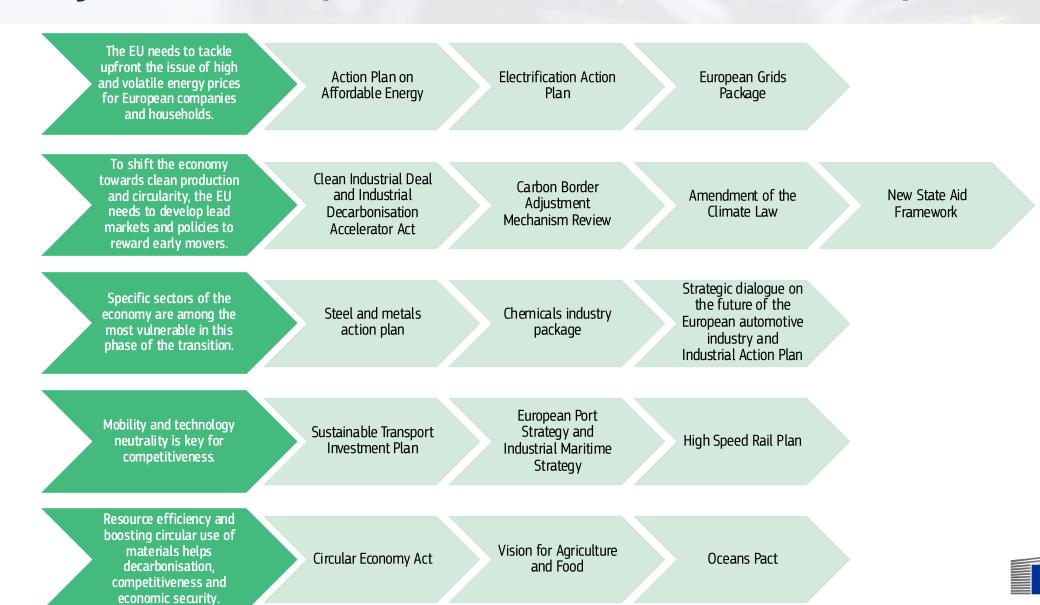
Thank you

Pillar I. Closing the innovation gap

Start-ups have a hard time expanding within the Start-up and European European Single Market because of 28th regime Research Area Act Scale-up Strategy Innovation Act persisting regulatory barriers Europe needs to be at the Al Factories EU Quantum forefront of innovation in Data Union EU Cloud, AI Strategy and tech sectors that will Initiative, AI in Development Act Strategy matter in tomorrow's **Quantum Act** Science Strategies economy **Europe** is losing its growth European Biotech engines at the very Review of the Advanced Act, Bioeconomy moment when it faces Horizontal Merger Space Act massive investment needs Strategy and Life Materials Act **Control Guidelines** for modernising its Sciences Strategy economy Digitalisation and diffusion of advanced Digital Networks technologies are Apply AI Strategy a necessary ingredient to Act lift Europe's productivity growth



Pillar II: A joint roadmap for decarbonisation and competitiveness



Pillar III: Reducing excessive dependencies and increasing security

Trade fractured by global geopolitical competition.

EU needs to redurce excessive dependencies and integrate economic security considerations Conclusion and implementation of ambitious new trade agreements

Clean Trade and Investment Partnerships Trans-Mediterranean Energy and Clean Tech Cooperation initiative

Unfair competition and global overcapacities.

When need, EU need to use protective tools, trade defence instruments.

Coordination and demand aggregation at EU level.

Joint purchasing platform for CRM

Revision of directives on Public Procurement, with introduction of European preference

Increased geopolitical risks and hybrid threats.

EU defence sector is competitive but suffers from structural weaknesses. White Paper on European Defence.

Preparedness Union Strategy.

Internal Security Strategy

Critical Medicines Act

European Climate Adaptation Plan. Water Resilience Strategy.

