STAKEHOLDER REPORT

Economic Competitiveness and European Citizens

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Executive Summary

Europe is entering a new phase. Competitiveness is no longer just an economic objective. It is becoming the lens through which Europe must rethink integration, security, industrial policy and its ability to act.

1. **Think European, act collectively.** Competitiveness requires completing the Single Market, reducing national fragmentation and building European strength in energy, technology, defence, infrastructure and skills.

2. **Competitiveness must protect Europe's social model.** Productivity, innovation, skills and quality jobs—not lower standards—are essential to sustain prosperity and social cohesion.

3. **Delivery must replace strategy.** Europe needs fewer initiatives and more projects with clear deadlines, financing, responsibilities and measurable results.

4. **The Single Market remains Europe's greatest asset.** Completing it, especially in services, energy and capital, can unlock scale and reduce internal barriers to growth.

5. **Europe needs lower energy costs and faster infrastructure.** Grids, permitting and investment must move faster if European companies are to compete globally.

6. **Mobilise Europe's capital.** European savings and private investment must be channelled more effectively towards innovation, strategic technologies and industrial scale-up.

7. **Build on Europe's existing strengths.** Manufacturing, pharmaceuticals, chemicals, agri-food, biotechnology and defence offer foundations to strengthen—not sectors to abandon for fashionable new winners.

8. **Labour shortages require a broader workforce strategy.** Young people outside employment or education, older workers and underused domestic talent must be mobilised, with legal migration complementing these policies where shortages persist.

9. **Enlargement can strengthen competitiveness.** A larger Single Market can bring skills, productive capacity and resilience, provided enlargement is matched by institutional and financial reform.

10. **Competitiveness depends on state capacity.** National and regional administrations must be able to implement European decisions through simpler rules, faster procurement and stronger coordination.

11. **Brussels influence must remain open and representative.** Business expertise can improve policymaking, but access must not become agenda-setting power; SMEs, regions and less-organised interests need a stronger voice.

12. **Ursula von der Leyen's 16 September State of the Union is a delivery test.** The question is whether her competitiveness message becomes a limited number of concrete, financed projects that demonstrate Europe's capacity to act.

CONCLUSION

Communicating competitiveness is an opportunity to reconnect Europe with its citizens by showing how economic strength translates into security, prosperity, opportunity and greater European capacity to act.

European Competitiveness: Citizens First

Europe's competitiveness agenda needs to be more closely connected to citizens' interests, concerns, and expectations. Economic ambition, industrial resilience, and innovation must translate into tangible improvements in people's everyday lives, while preserving Europe's social model and democratic values.

This research is based on 11 expert interviews. Each expert was invited to respond to 12 written questions by email, with contributions collected between 24 August and 7 September 2026. The process brings together a diverse range of perspectives from experts working across European economic policy, industry, innovation, social affairs, and democratic governance.

The analysis identifies the key trends, challenges, and priorities shaping the debate on Europe's competitiveness, while also highlighting areas of consensus and disagreement. Particular attention is paid to citizens' concerns about jobs, prices, housing, and taxation, as well as Europe's ability to compete in a rapidly changing global environment.

The overall objective is to provide a citizen-centred perspective on Europe's competitiveness agenda and to explore how economic transformation can deliver tangible benefits for Europeans while strengthening social cohesion, public trust, and democratic legitimacy.

Dan Luca

EUROPEAN AFFAIRS DIRECTOR

The 11 Analysts Behind the Interviews

Lúcio Vinhas de Souza is Chief Economist at BusinessEurope and Director of its Economics Department. He previously served as Chief Economist to European Commission President Jean-Claude Juncker and worked at the World Bank.

Karel Lannoo is CEO of the Centre for European Policy Studies (CEPS), where he focuses on European economic policy, financial regulation, and political economy.

László Andor is Secretary-General of the Foundation for European Progressive Studies (FEPS). He previously served as European Commissioner for Employment, Social Affairs and Inclusion from 2010 to 2014.

Peter Hefele is Head of the Department of Economic Education at the Konrad-Adenauer-Stiftung (KAS) and Policy Director at the Martens Centre.

Micael Castanheira is an economist, Research Director at the Belgian National Fund for Scientific Research (FNRS), and Professor at the Solvay Brussels School of Economics and Management at ULB.

Elaine Cruikshanks is a founding partner of Acumen Public Affairs, bringing more than 30 years of experience in public affairs and strategic communications.

Isabelle De Vinck is Managing Partner at Political Intelligence Brussels. She has extensive experience establishing and leading industry trade bodies, groups, and coalitions.

Frédéric Soudain is Managing Partner at Logos Public Affairs, with more than 25 years of experience in public affairs, strategic communications, and business.

Feriel Saouli is CEO of SEC Newgate EU. She is an experienced association executive with a strong focus on operational excellence and strategic growth.

Jan Dröge is a partner at Schuman Associates and serves as Chief Operating Officer. He brings extensive experience in EU funding processes and has helped numerous organisations develop successful bidding strategies.

Roxana Moldovan is an Account Director at Red Flag Brussels, specialising in public affairs, strategic communications, campaigning, and stakeholder engagement.

The 12 Questions That Shaped This Study

1. Is competitiveness becoming Europe's new integration project, alongside peace and the Single Market?
2. How can Europe strengthen its competitiveness without undermining its social model?
3. Does the EU need stronger economic competences and a larger common budget to compete globally?
4. Could the European Competitiveness Fund evolve into a permanent EU investment instrument within a consolidated EU budget?
5. How can the EU's competitiveness agenda benefit all Member States, rather than primarily the strongest economies?
6. Which industrial sectors offer Europe the greatest opportunities for strengthening its global competitiveness?
7. Should EU migration policy play a greater role in addressing Europe's skills shortages and competitiveness needs?
8. Would future EU enlargement strengthen Europe's competitiveness, or could it create new economic and institutional challenges?
9. Do Member States have the expertise and administrative capacity needed to implement the reforms required to improve competitiveness?
10. What should be the EU's top competitiveness priorities over the next 12 months?
11. How influential are Brussels-based business and public affairs leaders in shaping EU competitiveness policy?
12. What competitiveness narrative do you expect Ursula von der Leyen to put forward in her State of the Union address on 16 September 2026?

1. Competitiveness: Europe's Next Integration Driver?

Europe is increasingly placing competitiveness at the centre of its political agenda. The question is whether it can become a new driver of European integration, alongside peace and the Single Market.

The case for competitiveness is becoming stronger. Europe faces growing economic and geopolitical pressure from the United States and China. At the same time, the EU needs greater economic capacity to protect its interests, strengthen its resilience and remain influential globally.

"Competitiveness has become an organising principle for almost all EU economic policies," said Karel Lannoo. He pointed to the Competitiveness Compass as a framework for aligning EU and national policies. This signals an important shift: competitiveness is no longer confined to industrial or economic policy. It increasingly shapes the wider European policy agenda.

Elaine Cruikshanks argued that competition with China and the United States, particularly amid current US tariff policies, makes competitiveness "increasingly fundamental to Europe's future". She also stressed that this makes a fully functioning Single Market more important than ever.

For Lúcio Vinhas de Souza, competitiveness is closely linked to the EU's wider objectives. He highlighted its importance for "innovation, economic growth, and quality of life". He also argued that a strong Single Market gives Europe the economic strength needed to protect and defend itself.

> "Competitiveness has become an organising principle for almost all EU economic policies."
>
> **KAREL LANNOO**

This gives competitiveness a clear geopolitical dimension. It is no longer only about productivity, investment or business performance. It is about Europe's capacity to act, compete and remain influential in a more contested global environment.

Yet competitiveness is not necessarily a new integration project in its own right.

Micael Castanheira said it "should not be seen as a new, standalone integration project for Europe". Instead, he described it as "an essential component of the broader EU agenda—an instrument, not an end in itself". This distinction matters.

Peace provided the political foundation of European integration. The Single Market created a concrete framework for economic integration, supported by treaties, legislation and clear milestones. Competitiveness is different. It cuts across existing priorities rather than replacing them.

Isabelle De Vinck made the same distinction. Competitiveness is "certainly becoming the main political frame" for policy discussions, she said, but it is "not yet an integration project in the way peace and the Single Market were". The competitiveness agenda still consists largely of "visions, strategies and roadmaps", with only part of it becoming law.

This raises a central question: can competitiveness generate the same political momentum as earlier European projects?

László Andor was sceptical. He said competitiveness is "too vague to serve as a unifying European project". It is difficult to define and even harder to measure. Without a shared understanding of what success means, competitiveness risks becoming an umbrella term for very different national and European priorities.

The implementation challenge is equally significant. Frédéric Soudain noted that the EU has made competitiveness a key part of its policies for two or three decades. Yet the approach has often remained theoretical, without clear KPIs to establish whether it has delivered.

The answer may therefore lie not in creating another standalone project, but in turning competitiveness into the next phase of an existing one.

Feriel Saouli argued that "competitiveness should be understood as the next phase of the Single Market project, not as a separate or protectionist agenda". This approach would move the debate from removing barriers towards building the capabilities Europe needs to compete.

That means a stronger focus on common European capacity. Jan Dröge argued that Europe must treat competitiveness as "a genuinely European project rather than a collection of 27 national industrial policies". The next stage of integration, he said, will increasingly involve "building capabilities together": energy networks, digital infrastructure, defence, research, skills and industrial capacity.

The proposed 2028–2034 EU budget reflects this direction, Dröge noted, with "competitiveness and critical capabilities moving to the centre". This could provide an important test of whether competitiveness is becoming a practical organising principle rather than simply a political narrative.

Business participation will also matter. Saouli stressed that competitiveness becomes a genuine European project only if "businesses across sectors and Member States are part of shaping and implementing it". That points to a broader governance challenge. European competitiveness cannot be delivered by institutions alone. It requires coordination between EU institutions, national governments and the private sector.

There is also a strategic external dimension.

Micael Castanheira said Europe's global influence depends on its ability to "include, attract, and set standards". A strong and expanding Single Market can create incentives for other countries to follow European rules, including on environmental and human rights standards.

Competitiveness can therefore strengthen the EU's external influence without turning Europe towards isolation. The objective is not simply to compete with the United States or China. It is to ensure that Europe has sufficient economic weight to shape international rules and defend its interests.

This is where competitiveness connects with security, resilience and strategic autonomy. Peter Hefele argued that making it a broader European project requires greater security, equal opportunities for participation, a clear political vision and stronger capacities at EU level.

There is also a communications challenge. Roxana Moldovan said that "competitiveness has become Europe's big story", arguing that this gives citizens and businesses "a common goal and a shared sense of purpose". The political value of competitiveness may therefore depend partly on whether it can be communicated as something tangible: better infrastructure, stronger businesses, more innovation, skilled jobs and greater European capacity to act.

Competitiveness is thus emerging less as a replacement for Europe's traditional integration projects and more as the economic foundation that allows them to work.

The strategic choice is becoming clearer. Europe can treat competitiveness as another broad policy slogan. Or it can use it to deepen the Single Market, build common capabilities and strengthen the EU's capacity to act in the world.

The second path would make competitiveness more than an economic objective. It could become a practical organising principle for the next phase of European integration.

IDEAS TO CONSIDER

- Turn competitiveness into European capacity to act, not another integration slogan.
- Make the Single Market Europe's strongest source of strategic power.
- Measure competitiveness through resilience, innovation and global influence.
- Communicate competitiveness through tangible benefits for citizens and businesses.

KEYWORDS: Competitiveness, Single Market, European integration, Economic security, Global influence

2. Europe’s Competitiveness Can Sustain Its Social Model

Europe does not have to choose between competitiveness and its social model. The two can reinforce each other. The real challenge is to build an economy that is more productive, innovative and resilient without turning competitiveness into a race towards lower wages, weaker protections or poorer working conditions.

The debate is increasingly strategic. Europe faces slower growth, demographic ageing, technological disruption and a more difficult geopolitical environment. Its economic strength will determine not only future prosperity, but also its capacity to finance social protection, invest in innovation and remain influential internationally.

For Lúcio Vinhas de Souza of BusinessEurope, “competitiveness and growth are essential” to protecting the European social model. A stronger economy gives Europe greater capacity to absorb external shocks and respond to structural pressures. This is particularly important as the working-age population changes and demands on public systems increase.

The answer, however, is not to treat Europe’s welfare model as an obstacle. László Andor of FEPS argues that the Draghi Report points instead to “insufficient investment and innovation”. The implication is important: Europe needs to strengthen the economic foundations of its model, rather than dismantle the model itself.

Social investment can be part of that solution. Education, skills, active labour markets and access to quality employment can raise productivity while strengthening social resilience. A competitive Europe is not necessarily one with lower social costs. It is one that creates more value per worker and equips people to participate in a changing economy.

The Single Market remains central to this effort. Europe has a scale that individual Member States cannot replicate, but that scale is still not fully exploited.

Karel Lannoo of CEPS puts the challenge clearly: “Europe can strengthen competitiveness by acting collectively, thinking European, completing the single market, reducing national divisions, and protecting its social model.”

That means reducing fragmentation and making it easier for companies to operate across borders. It also means addressing regulatory barriers that continue to raise costs and slow investment.

Isabelle De Vinck of Political Intelligence Brussels points to a specific problem: “duplicated reporting, slow permitting, national rules layered on top of EU law”. For her, the simplification agenda should focus on these high compliance costs. This is not an argument for weaker regulation. It is an argument for regulation that is clearer, faster and more proportionate.

Feriel Saouli of SEC Newgate EU makes a similar point. “Europe’s social model is not the obstacle to competitiveness,” she says. The challenge is to enable it through “good regulations”, implementation of the Single Market, diversified trade partnerships and funding for innovation.

These are also geopolitical choices. A more integrated European market can reduce internal fragmentation while giving Europe greater leverage in global trade and investment.

Competitiveness should therefore not be reduced to the question of labour costs. Europe’s long-term advantage will depend more on productivity, innovation and the quality of jobs it creates.

“Europe’s social model is not the obstacle to competitiveness.”

FERIEL SAOULI

Micael Castanheira of the Solvay Brussels School of Economics and Management argues that competitiveness can reinforce the social model. The focus should be on “productivity, innovation and better jobs”, rather than an economic strategy based mainly on automation or lower labour costs.

This distinction matters politically. If competitiveness is presented as a demand for lower wages or weaker protections, public support for economic reform will remain limited. If it is linked to higher productivity, better jobs and stronger public capacity, the political case becomes much clearer.

Technology adds another dimension. Europe wants to remain at the forefront of artificial intelligence and other strategic technologies. But technological leadership requires people with the skills to develop, implement and govern those technologies.

Elaine Cruikshanks of Acumen Public Affairs argues that Europe’s social market model remains central to quality of life, but “must adapt to ageing and rapid technological change, including AI”. The objective is not simply to automate more. It is to ensure that Europe has the skilled workforce and institutional capacity needed to benefit from technological change.

Education is therefore an economic as well as a social investment. Frédéric Soudain of Logos Public Affairs sees education as “a source of competitiveness” because it can create more value while helping citizens make better choices about what matters.

This also points to the need for lifelong learning. Europe cannot rely on education at the beginning of a person’s career alone. Skills must evolve as technologies, industries and labour markets change.

The European social model must adapt, but adaptation is different from dismantling it.

Peter Hefele of the Martens Centre identifies several priorities: less bureaucracy, faster permitting, lifelong learning and incentives to work longer where possible. These reforms become more urgent as demographic change reduces the available workforce and increases pressure on public finances.

The geopolitical stakes are significant. Europe needs economic strength not only to preserve prosperity at home, but also to finance its security and retain influence abroad. As Peter Hefele argues, unless the Single Market can "restart its economic engine", Europe will struggle to finance its social model, defend itself and project influence internationally.

The question is therefore broader than economic efficiency. Competitiveness has become part of Europe's strategic autonomy.

Europe must be able to invest, innovate and respond quickly enough to compete with larger economies. It must also have the fiscal and industrial capacity to manage geopolitical risks. A stronger economy gives governments more room to protect citizens during periods of disruption.

But economic reform also requires political communication. The public needs to understand that competitiveness is not synonymous with deregulation or austerity.

Roxana Moldovan of Red Flag stresses that "communication is key". Europe can strengthen competitiveness while protecting its social model by showing that economic growth, social protection and prosperity can reinforce each other.

This is ultimately the political challenge. Europe needs to make the case for reform without making citizens feel that reform is being done at their expense.

The objective should be a more productive European economy that supports higher-quality employment, stronger public finances and greater social resilience. Investment, innovation, skills and a better-functioning Single Market can reinforce one another.

Competitiveness, in this sense, is not the enemy of the European social model. It is one of the conditions for sustaining it.

IDEAS TO CONSIDER

- Complete the Single Market to turn European scale into economic strength.
- Invest in productivity, innovation and skills, not lower labour costs.
- Modernise regulation and the social model for demographic and technological change.
- Communicate competitiveness as a path to prosperity, protection and resilience.

KEYWORDS: European competitiveness, European social model, Single Market, Productivity and innovation, Strategic autonomy

3. Europe Needs Capacity, Not Just a Bigger Budget

Does the European Union need stronger economic competences and a larger common budget to compete globally? The answer is increasingly yes — but with an important qualification. Europe needs more common capacity, not simply more money.

László Andor argues that "the European Union needs stronger economic competences and a larger common budget to compete globally." He sees industrial policy increasingly moving to European level and believes common fiscal capacity must grow. For Andor, NextGenerationEU should be "just a first step".

Karel Lannoo makes a similar case. He argues that "the EU needs stronger economic powers and a larger common budget to compete globally", noting that even the new Multiannual Financial Framework falls short of IMF recommendations. The message is clear: Europe's ambitions increasingly exceed the financial and institutional tools available to deliver them.

But a larger budget is not, by itself, a competitiveness strategy.

> "The European Union needs stronger economic competences and a larger common budget to compete globally."
>
> LÁSZLÓ ANDOR

BusinessEurope takes a more cautious position. Lúcio Vinhas de Souza argues that limited resources mean the next EU budget must prioritise programmes that strengthen competitiveness. Research and innovation, European competitiveness, transport and energy connections, and Europe's global role should receive stronger support.

At the same time, Vinhas de Souza warns against relying on new taxes or charges on companies to finance the EU budget. Such measures could weaken Europe's competitive position. He also stresses that not every European challenge requires additional spending. Completing the Single Market and reducing unnecessary regulation could deliver major economic gains without creating new financial burdens.

Feriel Saouli makes the same distinction from another angle. "Europe needs greater common capacity, but money alone will not deliver competitiveness," Saouli said. Investment, regulation and trade policy must work in the same direction. The issue is therefore not only how much Europe spends, but whether its economic policies reinforce one another.

Peter Hefele places the emphasis on using existing tools more effectively. “The EU already has strong economic tools,” Hefele said. Financial markets, energy networks, services, defence, economic security and tax policy all need to be deployed more strategically at European level.

Hefele nevertheless supports stronger common capacity. He proposes majority-based decision-making and a European Treasury to manage common borrowing, safe-asset issuance and stabilisation instruments. He also supports permanent EU borrowing for investment, backed by transparent own resources and stronger parliamentary scrutiny.

Yet Hefele rejects the idea that budget size alone is the answer. “What matters is using the money for projects that benefit Europe,” he said. A larger budget without clear objectives, repayment rules, democratic control and effective implementation could become politically and economically unsustainable.

Jan Dröge points to a broader strategic reality. Europe has “already demonstrated a willingness to use economic and financial policy more strategically to strengthen its competitiveness and resilience”. The challenge, he argues, is whether this momentum can be sustained.

That challenge is also geopolitical. Dröge stresses that “there is no finishing line in the global competitiveness race”. Major economies will continue to adapt their policies, support strategic industries and invest in new technologies. Europe therefore cannot treat competitiveness as a one-off reform programme. It must become a permanent strategic priority.

Elaine Cruikshanks focuses on the capacity to act. Europe needs to “speak and act with one voice”, she argues. EU institutions can be slow when responding to trade disputes, geopolitical pressure and changes in the international economy. A more responsive Europe may matter as much as a larger institutional architecture.

This is particularly important as economic policy and geopolitics become increasingly intertwined. Energy security, defence, technology, trade and industrial policy can no longer be treated as separate policy silos. Europe’s ability to compete will depend partly on whether it can take decisions quickly and translate them into collective action.

The political constraint is equally important. Frédéric Soudain argues that stronger economic competences require citizen support. That support cannot be assumed. After decades of limited public engagement with European economic governance, deeper integration will need a clearer political and democratic foundation.

Roxana Moldovan points to one reason for cautious optimism. “Europe has consistently shown an ability to find common ground on big questions when the stakes are clear,” Moldovan said. The challenge is to make the stakes clear before a crisis forces Europe to act.

The emerging picture is therefore more complex than a choice between a bigger or smaller EU budget. Europe needs stronger common economic competences, but it also needs to make better use of the powers and resources it already has.

A competitive Europe must invest strategically. It must complete the Single Market, reduce unnecessary barriers and align regulation, trade and industrial policy. It must also make decisions faster and strengthen democratic legitimacy.

The budget remains an important instrument. But competitiveness ultimately depends on capacity: the capacity to invest, coordinate, decide and act collectively. Europe's global position will be determined not simply by how much it spends, but by whether it can turn common resources into common power.

IDEAS TO CONSIDER

- Build common capacity alongside a stronger, more focused EU budget.
- Complete the Single Market and remove unnecessary barriers to growth.
- Decide faster, act collectively, and strengthen democratic legitimacy.
- Communicate Europe's competitiveness strategy clearly to citizens and businesses.

KEYWORDS: European competitiveness, EU budget and fiscal capacity, Economic governance, Strategic autonomy, Single Market

4. From Competitiveness Fund to Permanent EU Investment Tool

The European Competitiveness Fund could become a permanent EU investment instrument. But permanence would require more than merging existing programmes. The Fund would need a clear role within a consolidated EU budget, stronger governance and a strict focus on European added value.

BusinessEurope supports creating the Fund as part of the next EU budget. Lúcio Vinhas de Souza said it should bring together different competitiveness programmes under one set of rules. The objective is to simplify Europe's investment architecture and give competitiveness policy a more coherent framework.

For Karel Lannoo, the ambition is already visible. He said the "intention is for the European Competitiveness Fund to become a permanent EU investment instrument". But its future will depend on the negotiations, including concerns over excessive member-state control. This makes governance a central issue from the outset.

The case for permanence also needs to be tested against Europe's past experience. László Andor sees a possible path towards a permanent instrument, but warns that permanence cannot be taken for granted. The reduction of Cohesion Policy shows that investment budgets can also shrink. At the same time, Andor points to the European Fund for Strategic Investments as a notable success that could provide a model for the future.

Peter Hefele argues that the ECF should go further. It should become a central part of a durable European investment capacity, rather than reproduce the structure of existing EU programmes. That would require a more selective approach.

> "Intention is for the European Competitiveness Fund to become a permanent EU investment instrument."
>
> **KAREL LANNOO**

Hefele proposes streamlining the Fund and linking it closely to the European Innovation Council. The focus should be on breakthrough technologies and on creating the capacity to scale successful projects. The objective is not simply to finance innovation, but to help turn European technological strengths into economic capacity.

This is also a question of capital allocation. Europe often struggles to move promising technologies from research to deployment. Hefele argues that the Fund should therefore crowd in pension funds, household savings and institutional investors. Public procurement could play a strategic role by creating markets for promising technologies and making investments more bankable.

The broader geopolitical challenge is to strengthen European capacity without closing Europe off from the global economy. Feriel Saouli said the goal must be to build European capacity "without isolating European industry from the global markets and supply chains on which it depends". Strategic autonomy, therefore, should not mean economic isolation. The Fund would need to strengthen Europe's position within global value chains.

For Jan Dröge, the ECF could address one of the EU's long-standing weaknesses: fragmentation. He said the proposed Fund could become "one of the most important innovations in the next EU budget" because it would bring previously fragmented support together under a common framework. Its importance would not simply depend on its size, but on its ability to support investment from research and innovation through deployment and scale-up.

Dröge also identifies the key test for permanence. If the Fund can reduce fragmentation, mobilise private investment and accelerate the deployment of strategic technologies, there would be a strong case for maintaining it beyond one budget cycle. He also sees the ECF as a mechanism capable of making different legal initiatives have an impact on the ground and aligning European investment with policy objectives.

This points to the central political test: European added value. The Fund should prioritise projects whose impact cannot be achieved as effectively at national level. That principle would help distinguish a genuine European investment instrument from a new umbrella for national or sectoral spending.

Roxana Moldovan underlines the political dimension. She said that whether the Fund "becomes permanent is a decision for the budget negotiations". Yet its creation already reflects the EU's capacity to innovate when Member States identify a shared benefit.

Permanence will therefore depend on more than securing a budget line. It will depend on whether the Fund can demonstrate results, attract private capital and deliver strategic technologies at European scale. Governance will matter as much as funding. Transparency, measurable performance and clear European impact will be essential to its credibility.

The communication challenge is equally important. A complex investment instrument will need to explain clearly why European action produces more value than fragmented national support. Competitiveness policy must be understood not only as a question of funding, but as a strategic European project.

The ECF could become a durable pillar of Europe's economic strategy. But permanence should be earned through performance. Its strongest argument will be its ability to connect investment, innovation, private capital and European strategic capacity within one coherent framework.

IDEAS TO CONSIDER

- Make European added value the non-negotiable test for permanence.
- Use public funding to mobilise private capital and scale strategic technologies.
- Build credibility through transparent governance and measurable European results.
- Communicate clearly how European action strengthens competitiveness and strategic capacity.

KEYWORDS: European Competitiveness Fund, EU budget, European investment capacity, Strategic autonomy, European added value

5. Making European Competitiveness Work Across All Member States

Europe's competitiveness agenda cannot be measured by aggregate growth alone. Its credibility will also depend on whether its benefits reach Member States and regions with very different economic starting points.

For Karel Lannoo, the starting point is a genuinely European approach. "The EU's competitiveness agenda should follow a genuinely European approach," Karel Lannoo said, so that all Member States benefit rather than national interests determining priorities. Competitiveness, in this sense, must strengthen Europe as a whole.

This does not mean replacing merit with redistribution. Lúcio Vinhas de Souza argues that the European Competitiveness Fund should keep merit and excellence at its core. Funding should remain based on open competition, the quality of projects and their European importance. At the same time, he argues that the Fund should "strengthen the competitiveness and resilience of the European Union as a whole and benefit as many regions as possible."

This points to a role for geographical balance. Lúcio Vinhas de Souza sees scope for limited exceptions that could support projects building capacity, improving resilience or reinforcing geographical balance through cohesion policy. The objective is not to weaken competition. It is to create capacity where it is currently missing.

The challenge is particularly important because Europe's strongest industrial and innovation ecosystems risk attracting an increasing share of investment. Jan Dröge warns that "Europe cannot become more competitive as a whole if investment and innovation become increasingly concentrated in a handful of already successful industrial ecosystems."

European instruments therefore need to be connected to the economic foundations of less-developed regions. Jan Dröge argues that EU-level instruments should be combined with investment in "infrastructure, skills, research capacity and industrial ecosystems across Member States and regions." He also points to the proposed National and Regional Partnership Plans in the next MFF as a potentially important link between regional investment and instruments such as the European Competitiveness Fund.

The underlying issue is capacity. As Jan Dröge puts it, "competitiveness policy therefore also has to invest in the capacity to invest." Without that capacity, regions may be formally eligible for European opportunities but unable to compete effectively for them.

> “Europe cannot become more competitive as a whole if investment and innovation become increasingly concentrated in a handful of already successful industrial ecosystems.”
>
> **JAN DRÖGE**

This is where competitiveness and cohesion policy increasingly intersect. László Andor argues that the Commission should draw more strongly on DG REGIO’s regional-development expertise. “Abolishing DG REGIO risks losing much of the knowledge base of the EU,” László Andor said. Regional expertise should not be treated as separate from competitiveness. It is part of understanding where investment can generate sustainable growth.

Investment also needs to respond to local economic conditions. Peter Hefele argues that the Savings and Investment Union should “combine European rules with bottom-up national and regional initiatives.” A common European framework can provide scale and consistency while leaving room for regional strengths and local investment priorities.

For Peter Hefele, the competitiveness debate must also address the structural drivers of regional decline. Brain drain and depopulation cannot be solved through industrial funding alone. Universities need stronger links to local industry. Regions also need broadband, transport, housing and mobile public services. Competitiveness depends on whether places can retain people, attract investment and develop functioning economic ecosystems.

Feriel Saouli makes a similar point from the perspective of companies and SMEs. “EU instruments should help companies, regions and SMEs participate in European value chains, irrespective of where their headquarters are located,” Feriel Saouli said. The question is therefore not simply where investment is made, but who can participate in the European value chains that investment creates.

Cross-border cooperation can reinforce this approach. Elaine Cruikshanks argues that “clusters of excellence can help spread the benefits of competitiveness.” Stronger EU support for cross-border cooperation could allow Member States and regions to build complementary strengths rather than competing for the same limited opportunities.

This matters for the political legitimacy of the competitiveness agenda as well. Roxana Moldovan argues that “a competitiveness agenda only works, and only earns public trust, if it's felt everywhere” — in smaller and larger economies, and in regions as well as capitals. European competitiveness therefore has a territorial dimension that cannot be treated as secondary.

Frédéric Soudain’s call for “a genuine EU-wide industrial policy” points in the same direction. Such a policy should be tailored to each region’s potential while ensuring “a fair balance of opportunities across Member States.” The objective is not uniformity. It is to give different parts of Europe a realistic opportunity to contribute to, and benefit from, the next phase of European growth.

The measure of success should therefore be broader than GDP or aggregate investment. Peter Hefele argues that competitiveness policy is "not only about increasing total European growth, but also about the extent to which it reduces persistent gaps in productivity, investment and opportunity."

The strategic choice is clear. Europe should preserve excellence and open competition while using cohesion, infrastructure, skills and regional investment to widen the pool of places capable of competing. A more geographically balanced competitiveness policy would not dilute Europe's strongest ecosystems. It would create more of them.

IDEAS TO CONSIDER

- Keep excellence as the rule, while using cohesion to build missing capacity.
- Connect European investment more closely to regional infrastructure, skills and ecosystems.
- Measure competitiveness by growth and by narrowing persistent regional gaps.
- Communicate competitiveness as a European opportunity that citizens can see everywhere.

KEYWORDS: European competitiveness, Cohesion policy, Regional development, Industrial ecosystem, European investment

6. Europe’s Industrial Competitiveness: Strategic Opportunities

Europe’s strongest opportunities for global competitiveness lie in areas where industrial capacity, technological expertise and strategic resilience can reinforce each other. The priority is not to pursue self-sufficiency across every sector. It is to build strength where Europe already has capabilities, where global demand is growing and where strategic dependencies could become an economic or security risk.

As Karel Lannoo, CEPS, puts it, the opportunity spans “traditional sectors, like manufacturing, fashion, agrifood, but also pharma and chemicals, defense and related specialised sectors.” This broad industrial base remains one of Europe’s main assets.

Defence is one of the clearest areas of opportunity. The geopolitical environment is already reshaping European economic priorities. “The next three to five years are likely to be shaped by military-industrial expansion,” László Andor said. Stable demand could support investment, modernisation and wider industrial recovery.

The opportunity extends well beyond defence companies. Civil–military cooperation can accelerate the development and commercialisation of technologies with applications in both markets. “Civil–military cooperation, combined with strategic public procurement and better scaling of companies, offers unique opportunities,” Peter Hefele said. Public procurement can therefore become more than a purchasing instrument. It can help European companies develop, scale and compete internationally.

Europe already has significant strengths in several strategic industrial value chains. Isabelle De Vinck, Political Intelligence Brussels, points to European leadership in “energy technology and grid equipment”, connectivity infrastructure, pharmaceuticals, biotech, medical devices and agri-food. These are not simply promising sectors. European companies already hold market share, critical technologies or influence over international standards.

Technology is central to this industrial agenda. Europe’s challenge is not only to create new high-profile start-ups. It is also to modernise the large base of existing companies. Artificial intelligence, advanced manufacturing and digital technologies can improve productivity across established industrial sectors.

International partnerships will remain important. Europe’s cooperation with Japan, South Korea, India, Australia and Taiwan can support “technology diffusion across existing firms”, Peter Hefele said. This approach would allow Europe to strengthen its technological base without disconnecting from global markets.

The objective is therefore a complete European technology system. “Europe needs a strong and complete technology system,” Peter Hefele said. Strategic autonomy should not mean technological isolation. It should mean having sufficient capabilities, partnerships and alternatives to manage critical dependencies.

This is also why Europe should be selective. Feriel Saouli, SEC Newgate EU, argues that Europe should focus on areas where it has “existing industrial capabilities, research excellence or regulatory credibility”. She identifies advanced manufacturing, clean technologies, energy-efficient materials, pharmaceuticals and life sciences, aerospace and defence, digital and cybersecurity technologies, mobility, circular-economy solutions and specialised business services.

At the same time, Saouli warns against equating competitiveness with self-sufficiency. “Europe should avoid treating every strategic sector as a reason for self-sufficiency.” Competitiveness still requires access to raw materials, components, technology and international customers.

Jan Dröge, Schuman Associates, makes a similar point. Europe should be cautious about selecting individual “winning sectors”. The stronger approach is to identify technologies and value chains where Europe has existing capabilities, where future global demand is strong and where excessive external dependencies could create economic or security risks.

This requires a stronger link between research and industrial scale. “The challenge is not simply to generate excellent European research,” Dröge said. Europe must become better at turning research and innovation into companies, industrial capacity and production at scale.

Energy is another major part of this equation. The transition towards cleaner energy is not only a climate objective. It is also an industrial and competitiveness strategy. “Cleaner energy, affordable goods and a more sustainable way of living are coming sooner than we think,” Frédéric Soudain said. Europe’s energy transition can therefore create demand for new technologies, equipment and industrial capabilities while reducing exposure to external energy risks.

Life sciences offer another strategic opportunity. Pharmaceuticals, biotechnology and medical technologies are already critical sectors in the global economy. Europe has strong research, industrial and regulatory assets, but its position cannot be taken for granted.

“Pharmaceuticals, life sciences and biotechnology offer major opportunities,” Elaine Cruikshanks said. She also underlined the importance of creating the right commercial environment to compete with China and the United States. Research excellence alone is not enough. Europe needs investment, scale and conditions that allow innovation to become commercially successful.

These strengths are spread across the continent. Roxana Moldovan, Red Flag, argues that Europe’s advantage lies partly in how “different strengths, spread across 27 economies, add up to something greater than any single country could achieve alone”. The task is to connect these capabilities through a more integrated European industrial strategy.

> “Different strengths, spread across 27 economies, add up to something greater than any single country could achieve alone.”
>
> **ROXANA MOLDOVAN**

The result should not be a closed European economy. It should be a more resilient and competitive one. Defence can generate industrial demand. Public procurement can help companies scale. Technology partnerships can accelerate diffusion. Clean energy can support industrial transformation. Life sciences can reinforce Europe’s position in a critical global market. Manufacturing, agri-food, chemicals and specialised industries provide the wider industrial foundation.

Europe’s competitiveness strategy should therefore focus less on protecting individual sectors and more on building connections between them. The strategic objective is to turn existing capabilities into greater scale, productivity and resilience, while keeping Europe firmly connected to global markets.

IDEAS TO CONSIDER

- Scale Europe’s industrial strengths instead of chasing isolated “winning sectors”.
- Turn defence demand into wider industrial renewal and technological development.
- Connect energy, technology and life sciences into competitive European value chains.
- Communicate Europe’s industrial strengths as a coherent global competitiveness story.

KEYWORDS: European competitiveness, Industrial strategy, Strategic resilience, Technology, Defence

7. Migration Policy Can Strengthen Europe’s Competitiveness

Europe’s skills shortages are becoming a structural challenge. Ageing populations and low birth rates are putting pressure on labour markets, public finances and long-term growth. Migration can form part of the response. But the contributors reject the idea that migration alone can solve Europe’s demographic and productivity problems.

The central question is therefore not whether Europe needs migration, but how migration policy can better support Europe’s competitiveness.

László Andor said labour shortages make immigration “part of the solution”. But he also stressed the need to invest in young people outside employment or education and to promote active ageing. Migration, in this view, should complement stronger domestic labour-market policies rather than replace them.

Feriel Saouli made a similar point. She said migration is “a real topic” as Europe faces demographic and skills challenges that cannot be solved solely through domestic labour-market measures. Migration could be part of the solution, alongside investment in education, reskilling and workforce participation.

“The central question is therefore not whether Europe needs migration, but how migration policy can better support Europe’s competitiveness.”

This suggests a clear policy sequence: Europe should first mobilise the workforce it already has, while creating better conditions for additional talent to enter the labour market.

Peter Hefele argued that Europe should make fuller use of its existing potential. This includes women, older workers, young people excluded by rigid labour markets, and migrants whose qualifications are not properly recognised. Only alongside these measures should Europe expand legal, skills-based migration in sectors facing genuine shortages, he said.

Such an approach would make migration policy more targeted. It would also link labour migration more directly to Europe’s competitiveness agenda.

Peter Hefele said Europe needs a clearer distinction between asylum and labour migration. Admission for employment should respond to labour-market demand, while newcomers should be expected to participate actively in the economy and society. The objective is not simply to increase migration, but to improve the match between skills, economic needs and integration.

The competition for talent should also extend beyond traditional labour migration. International students, researchers, technology specialists and start-ups are increasingly important to Europe's economic future. Attracting these groups is part of the wider competition for innovation, investment and productivity.

Karel Lannoo said EU migration policy should support Europe's skills shortages through "more regular migration and stronger implementation". He also acknowledged that achieving this remains "politically extremely difficult". This highlights one of the main challenges for policymakers: Europe may identify the economic case for migration, but translating that case into credible policy remains politically sensitive.

Elaine Cruikshanks said EU migration policy should help address skills shortages in the context of ageing populations and low birth rates. But she stressed that success will depend on "winning hearts and minds". A different approach is needed, she said, even if migration remains highly politically sensitive.

That political dimension cannot be separated from the competitiveness debate. A policy that is economically rational but lacks public legitimacy will struggle to deliver. European governments therefore need to communicate more clearly why specific forms of migration are needed, where shortages exist and how the system benefits both economies and societies.

Roxana Moldovan argued that migration is "a sensitive and multifaceted topic" and should be addressed holistically rather than purely through a competitiveness lens. She also stressed that Europe's openness and diversity have historically been sources of strength. Any serious discussion of skills and talent, she said, should reflect European values around "fairness and inclusion", alongside economic considerations.

This is particularly important in the geopolitical context. Europe is competing globally for skills and talent while facing demographic pressure and internal political divisions over migration. Other economies are also seeking to attract researchers, entrepreneurs, technology specialists and skilled workers. A fragmented European approach risks weakening the EU's ability to compete for the people its economies increasingly need.

Frédéric Soudain said Europe needs a common migration policy, led decisively by EU leaders, to address skills shortages, strengthen competitiveness and establish "clear, fair and responsible rules".

A stronger common framework could therefore serve several purposes. It could give businesses greater predictability, make Europe more attractive to international talent and reduce the fragmentation of national approaches. At the same time, it would need to maintain clear distinctions between different forms of migration and ensure that integration remains part of the policy.

The overall case is not for migration as a universal answer. It is for a more rational, selective and demand-driven policy, integrated with employment, education, demographic and integration strategies.

Europe’s competitiveness challenge is too broad to be solved by migration alone. But neither can migration policy remain disconnected from the economic and demographic pressures facing the continent.

The political task is to build a system that is economically effective, socially credible and consistent with European values. That means mobilising Europe’s untapped workforce, improving legal pathways for skills that are genuinely needed, and communicating the purpose of migration policy clearly to citizens.

IDEAS TO CONSIDER

- Mobilise Europe’s untapped workforce before expanding recruitment abroad.
- Make legal migration selective, skills-based and aligned with demand.
- Build a common EU framework with clear, fair and responsible rules.
- Communicate migration’s competitiveness benefits while strengthening public trust.

KEYWORDS: EU migration policy, Skills shortages, European competitiveness, Legal labour migration, Demographic change

8. Enlargement as a Test of Europe’s Competitiveness

Future EU enlargement could strengthen Europe’s competitiveness. It could expand the Single Market, add workers and productive capacity, and open new industrial and logistics corridors. But enlargement will also test the Union’s economic resources and institutional capacity.

As Karel Lannoo, CEPS, put it, “enlargement is expected to strengthen Europe's competitiveness” by promoting the Single Market and supporting the action programme now on the table. The economic opportunity is significant. A larger Union could bring more skills, entrepreneurs, industrial capacity and access to resources. It could also connect candidate countries more closely to European value chains before full accession.

Feriel Saouli, SEC Newgate EU, said enlargement “could strengthen competitiveness by expanding the Single Market, adding skills and productive capacity, improving access to resources and connecting new industrial and logistics corridors.” She also pointed to the strategic value of integrating candidate countries into European value chains and reducing dependence on less reliable partners.

This makes enlargement more than an institutional project. It is also a geopolitical investment. A stronger European economic space could reduce the grey zones in which Russia and other external powers operate. It could increase Europe’s resilience while creating new economic links with neighbouring regions.

Peter Hefele said enlargement would make Europe “stronger and more competitive” by expanding the Single Market and adding economic capacity. He also stressed that enlargement must remain merit-based and institutionally manageable. The geopolitical argument, therefore, cannot replace the accession criteria. It must reinforce them.

> “Enlargement could strengthen competitiveness by expanding the Single Market, adding skills and productive capacity, improving access to resources and connecting new industrial and logistics corridors.”
>
> **FERIEL SAOULI**

The economic case will not be identical for every candidate. Ukraine and the Western Balkans face different structural challenges and require different forms of support.

Ukraine presents the largest economic and geopolitical test. Its reconstruction will require substantial European resources. László Andor stressed that this investment could nevertheless strengthen competitiveness, particularly in regions bordering Ukraine and the Black Sea. Reconstruction could therefore become part of a wider European industrial strategy, linking infrastructure, supply chains and regional development.

For the Western Balkans, closer integration could similarly bring economic benefits. Earlier access to parts of the Single Market could support investment, trade and industrial integration. But the pace and scope of integration should continue to depend on reforms and the ability of candidate countries to meet EU standards.

The institutional question is harder. A larger Union will have more economic weight, but more members could also make collective decisions more difficult. Elaine Cruikshanks noted that enlargement could create a larger market and workforce, while warning that "less depth" could make decision-making slower.

This is where institutional reform becomes essential. Variable geometry could help the EU manage a wider membership without requiring every member to move at exactly the same speed. Different levels of participation could provide flexibility while preserving the overall direction of European integration.

The accession process itself could also become more gradual. Peter Hefele proposed progressive membership linked to clusters of the acquis. Countries that deliver reforms could gain interim access to selected EU policies, funding and institutions, initially without full voting rights. Such access should remain conditional and reversible if rule-of-law standards deteriorate.

This approach could create stronger incentives for reform. It would also allow the EU to integrate parts of candidate economies progressively, rather than treating accession as a single moment at the end of a long process.

But gradual enlargement requires preparation inside the Union. Peter Hefele argued that the EU should prepare its budget for new members, reform decision-making and use qualified-majority voting more widely. Without such changes, enlargement could increase pressure on institutions rather than strengthen Europe.

The broader challenge is therefore one of balance. Enlargement can increase the size and resilience of Europe's economic space. It can bring new skills, workers, markets and productive capacity. It can also strengthen Europe's geopolitical position.

But these benefits will not automatically materialise. Enlargement will create budgetary, economic, social and institutional pressures. Frédéric Soudain stressed that the larger market and workforce could strengthen Europe, while also creating pressures that require careful preparation.

The strategic question is consequently not whether Europe should enlarge. It is whether Europe can enlarge while becoming stronger at the same time.

Competitiveness should be at the centre of that debate. So should institutional capacity. A credible enlargement strategy must combine economic integration with rule-of-law conditionality, institutional reform and a clear geopolitical purpose.

Communication also matters. Europeans need to understand enlargement not simply as a process of adding members, but as an investment in Europe's economic strength, resilience and security. Candidate countries, meanwhile, need a clear understanding of what reforms deliver and what benefits follow.

Enlargement can become a source of European strength. But only if the Union prepares its institutions, finances and policies for a larger Europe.

IDEAS TO CONSIDER

- Strengthen EU institutions alongside enlargement to ensure the Union is ready to welcome new members.
- Make accession gradual, merit-based and supportive, encouraging reforms while addressing setbacks constructively.
- Treat enlargement as an investment in competitiveness and European security.
- Communicate enlargement as a strategic competitiveness project, not bureaucracy.

KEYWORDS: EU enlargement, European competitiveness, Single Market, Institutional reform, Geopolitical resilience

9. Europe’s Competitiveness Starts With State Capacity

Europe’s competitiveness challenge is not only about investment, regulation or industrial policy. It is also about whether Member States have the capacity to implement what the EU agrees.

Elaine Cruikshanks said Member States have “varying levels of expertise and administrative capacity”. This unevenness is a significant obstacle to delivering the reforms needed to strengthen Europe’s competitiveness.

The gap is particularly visible at regional and local level. Lúcio Vinhas de Souza said the EU should strengthen Member States’ ability to use EU funding tools, especially where implementation depends on regional and local administrations. He pointed to the proposed EU budget facility for technical support as a way to help Member States implement national and regional plans.

For Jan Dröge, this is increasingly becoming an industrial policy issue. He said that “administrative capacity is increasingly becoming part of industrial policy”. In his view, the competitiveness agenda must invest not only in technologies and infrastructure, but also in the institutions and expertise needed to deliver them.

The issue is not limited to governments. Companies, NGOs and other social partners also face different implementation needs. Lúcio Vinhas de Souza called for “tailored support” that reflects the different capacities and requirements of these organisations.

Jan Dröge said the challenge is often underestimated because ambitious regulations and substantial EU budgets can create the impression that delivery is already secured. In reality, he said, “implementation ultimately takes place in national ministries, regional administrations, municipalities and companies”.

That implementation chain can be fragile. Peter Hefele said some administrations can design reforms and deliver major projects, while others face staff shortages, fragmented responsibilities, slow procurement and political turnover. He also argued that Brussels can add unnecessary complexity to the process.

Reducing that complexity is therefore part of the competitiveness agenda. Peter Hefele called for plain-language legislation and proper impact assessments before, during and after the legislative process. He also proposed public dashboards to show whether rules are working, systematic reviews of the acquis, sunset clauses for outdated provisions and measurable targets to reduce administrative burdens.

> "Implementation ultimately takes place in national ministries, regional administrations, municipalities and companies."
>
> **JAN DRÖGE**

The ability to implement policy also matters when Europe faces external economic pressure. Feriel Saouli said "better coordination and expertise at national level" would help Europe respond more quickly to trade barriers, circumvention and supply-chain disruptions.

Associations can also strengthen implementation. Feriel Saouli said they can translate legislation into practical guidance, share best practices across countries and provide feedback on implementation challenges. This makes communication between policymakers and those applying the rules an important part of competitiveness.

The challenge is therefore both national and European. Member States need stronger professional civil services and more effective digital administration. But EU institutions also need to ensure that legislation and funding mechanisms are designed with implementation in mind.

There is a wider governance lesson. László Andor said the experience of the Lisbon Strategy shows that competitiveness cannot be left entirely to Member States. Without stronger European coordination, Europe risks relying too heavily on tax and wage competition as a way to reduce costs, with the possibility that this approach could ultimately backfire.

The central question is therefore not simply whether Europe can agree on ambitious reforms. It is whether its institutions, administrations, companies and social partners have the capacity to turn those reforms into results.

Competitiveness ultimately depends on delivery. That requires capable administrations across Europe, simpler rules from Brussels, targeted technical support and better communication between policymakers and those responsible for implementation.

IDEAS TO CONSIDER

- Strengthen administrative capacity where implementation gaps are greatest.
- Simplify EU rules so reforms can be delivered faster.
- Make technical support a strategic tool for competitiveness.
- Improve communication between policymakers, administrations and businesses.

KEYWORDS: Administrative capacity, Competitiveness, Policy implementation, EU funding, Public administration

10. Europe’s Competitiveness Test: Delivery at Scale

Europe’s competitiveness agenda for the next 12 months should focus on execution. The priorities are clear: complete the Single Market, cut regulatory barriers, reduce energy costs, mobilise investment and skills, and strengthen economic resilience in a more uncertain geopolitical environment.

The immediate challenge is to turn these priorities into results. As Feriel Saouli said, “European companies need to invest, expand, source and export more easily next year than they can today.” That is ultimately the competitiveness test for Brussels: whether policy decisions translate into better conditions for businesses across borders.

The Single Market remains the central thread. Lúcio Vinhas de Souza said the EU should focus on “completing the Single Market and reducing regulation”. The priority is not to create another layer of initiatives, but to remove barriers that continue to prevent European companies from achieving scale.

Peter Hefele argued that Europe should advance flagship projects such as the “28th regime”, or EU Inc., allowing companies to establish and grow across borders under a common legal framework. Services also require political priority, he said, because Europe still lacks a genuine internal market for services.

Speed is becoming a competitiveness issue in its own right. Elaine Cruikshanks said Europe must “move forward at greater speed”, rather than allowing progress to be determined by the slowest Member State. This applies directly to implementation, permitting and cross-border projects.

The next 12 months should therefore be less about identifying barriers and more about removing them. A stronger Single Market depends on faster implementation, simpler rules and greater willingness to act at European level where national approaches continue to fragment the market.

Energy costs remain one of Europe’s most immediate structural disadvantages. Lúcio Vinhas de Souza identified lower energy prices among BusinessEurope’s five priorities for 2026.

The issue is broader than the price of energy itself. Peter Hefele linked competitiveness to faster grid investment, greater cross-border interconnection and radically shorter permitting procedures. For European industry, the question is increasingly whether the EU can turn policy priorities into infrastructure on the ground.

Isabelle De Vinck made the same point from an investment perspective. She identified “energy costs, grid build-out and permitting speed” as a key priority because these factors influence where energy-intensive and data-intensive investments will be located.

This makes permitting reform a competitiveness measure, not simply an administrative issue. Europe needs infrastructure to be approved and delivered at a pace compatible with global investment decisions.

Investment is another central pillar. Europe has significant savings, but the challenge is to channel more of them into European productive investment.

Peter Hefele stressed the importance of integrating capital markets and mobilising household and pension savings. The objective is straightforward: European savings should finance European growth, innovation and strategic capacity.

László Andor called for greater investment in innovation and human capital, alongside common fiscal capacity, including common borrowing. His argument also extends to economic resilience. László Andor called for greater financial autonomy, including non-US payment systems, and less dependence on US digital and AI services.

This links competitiveness to the ability to finance Europe's own technological and industrial priorities. Skills, innovation, capital markets and fiscal capacity should therefore be considered as parts of the same competitiveness agenda.

The geopolitical environment is making the economic dimension of strategic autonomy harder to separate from competitiveness policy.

Lúcio Vinhas de Souza included reducing geopolitical risks among the priorities for 2026. László Andor highlighted the need to reduce dependencies in energy, digital services and AI, while also pointing to dual-use technologies.

The objective is not economic isolation. It is greater capacity to withstand external shocks and retain strategic room for manoeuvre. That means diversifying critical dependencies, strengthening European technological capabilities and ensuring that investment decisions are supported by resilient infrastructure and financing.

The 2028–2034 EU budget will be important in this context. Jan Dröge said the next 12 months should focus on "accelerating investment and permitting, mobilising private capital, reducing unnecessary administrative burdens" and progressing negotiations on a budget capable of financing Europe's strategic priorities.

For competitiveness, the budget is therefore more than a financing exercise. Its timing and priorities will determine whether Europe can sustain investment in infrastructure, technology, skills and economic security.

Competitiveness also has a communications dimension. The EU needs to demonstrate that reforms produce tangible improvements for companies and citizens.

Roxana Moldovan said the real priority, from a communications standpoint, is "continuing to show that the EU delivers tangible benefits for everyone, not just headline economic indicators."

> “Continuing to show that the EU delivers tangible benefits for everyone, not just headline economic indicators.”
>
> **ROXANA MOLDOVAN**

That message should be grounded in practical outcomes: faster permits, lower energy costs, easier cross-border expansion, better access to finance and stronger European technological capabilities. Communication should reinforce delivery, rather than substitute for it.

Taken together, the priorities point towards a more integrated European competitiveness strategy. The Single Market, energy, capital, technology, skills, the budget and economic security should no longer be treated as separate policy files.

The test over the next 12 months is whether Europe can deliver faster, across borders and at sufficient scale. Competitiveness will be judged not by the number of strategies adopted, but by whether European companies can operate and invest more easily than they do today.

IDEAS TO CONSIDER

- Complete the Single Market by removing barriers to European scale.
- Accelerate grids, permitting and investment where competitiveness depends on delivery.
- Mobilise European capital, skills and technology for greater economic resilience.
- Show clearly how EU action delivers tangible benefits for businesses and citizens.

KEYWORDS: Single Market, Energy Costs, Investment, Economic Security, Innovation

11. Brussels Influence and the Politics of EU Competitiveness

Brussels-based business and public affairs leaders play an important role in shaping EU competitiveness policy. Their influence is strongest in the technical and early stages of policymaking, when evidence, expertise and access can shape how problems are defined and which solutions are considered viable.

But influence in Brussels is not the same as control. Karel Lannoo of CEPS argues that business and public relations leaders based in Brussels have “limited influence on competitiveness”, with greater influence often resting with Member States and their respective business leaders. This points to a central feature of EU policymaking: decisions are shaped across several levels, from the European institutions to national governments and regional authorities.

Still, access matters. Peter Hefele argues that “Brussels-based experts are influential” because they provide technical information early in the policymaking process and remain engaged after wider public attention has moved on. In his view, they can help determine “which problems Brussels sees and which solutions appear ‘realistic’”.

László Andor is more critical of this dynamic. He describes “the omnibus phenomenon” as “a sign of business groups being overly influential”. The concern is that sustained access and technical expertise can move beyond informing policy and begin to influence regulatory priorities themselves.

The current environment rewards actors able to combine evidence with practical proposals. Isabelle De Vinck of Political Intelligence Brussels says it “rewards those who bring evidence and implementable solutions and alternatives”. This gives business and public affairs professionals an important role, particularly where policymakers need technical knowledge to assess the economic consequences of new measures.

Industry is also seeking influence over major financial decisions. De Vinck notes that industry has been calling for “a greater role in the governance of the next budget”, including how European Competitiveness Fund resources are spent. This illustrates the growing importance of public affairs around not only regulation, but also investment and implementation.

Much of this influence is exercised collectively. Feriel Saouli of SEC Newgate EU says that “trade associations provide the structured channels” through which industry priorities, practical constraints and investment realities enter the policy process. She adds that “much of the most effective policy shaping happens through collective platforms such as European trade associations”.

Representation, however, remains uneven. Hefele points out that "large corporations, major consultancies and American technology companies have permanent representation", while many SMEs, start-ups and peripheral actors lack comparable access. The issue is therefore not simply how much business influences Brussels, but whose business interests are represented.

Saouli also stresses that effective influence goes beyond advocacy. Its role includes "building consensus and supporting implementation". This is particularly relevant in competitiveness policy, where legislation must ultimately work across very different national economies and administrative systems.

Jan Dröge of Schuman Associates makes this Brussels-to-national connection explicit. Business actors "can be highly influential" when they bring evidence and practical experience from the real economy rather than simply advocate for particular interests. Yet, he notes, "investment decisions, procurement, permitting, skills policies" and much EU-supported investment are ultimately implemented in Member States and regions.

For this reason, effective organisations increasingly need to operate at both levels. Dröge argues that they must help shape the European framework while understanding how it translates into national investment programmes and projects. "That Brussels-to-Member-State connection is becoming increasingly important," he says.

There is also a communications dimension to this influence. Roxana Moldovan of Red Flag argues that public affairs and communications professionals help "good ideas reach decision-makers" while helping citizens understand complex policy debates. She prefers to frame their role less narrowly as "influence" and more as contributing to the "open, informed dialogue" at the heart of inclusive EU policymaking.

Taken together, these perspectives suggest that business influence in Brussels is best understood as sustained participation rather than direct control. Expertise can shape the agenda. Evidence can make certain solutions appear more realistic. Coalitions can amplify individual interests. And long-term engagement can matter after political attention has moved elsewhere.

The challenge is to ensure that this access strengthens competitiveness without narrowing the policy debate. Brussels can provide the entry point, but, as Saouli puts it, "influence depends on what you bring through it: evidence, coalitions, credibility and solutions that work across 27 Member States".

"Influence depends on what you bring through it: evidence, coalitions, credibility and solutions that work across 27 Member States."

FERIEL SAOULI

The balance therefore lies between access and representation. Business should be heard, but expertise should not automatically become agenda-setting power. SMEs, start-ups, regions and other less organised interests need meaningful opportunities to contribute. Consultations and impact assessments must help test competing evidence rather than simply validate established positions.

IDEAS TO CONSIDER

- Broaden access so SME and peripheral voices shape competitiveness policy.
- Keep business expertise influential, but separate evidence from agenda-setting power.
- Connect Brussels advocacy with implementation across Member States and regions.
- Use clearer communication to build support for competitiveness reforms.

KEYWORDS: EU competitiveness, Business influence, Public affairs, SME representation, Brussels policymaking

12. Von der Leyen’s Competitiveness Test: Europe’s Capacity to Act

Ursula von der Leyen is likely to present competitiveness as a central pillar of European independence in her State of the Union address on 16 September 2026. The message is expected to go beyond economic growth. It will link Europe’s economic strength to its geopolitical capacity to act.

Jan Dröge expects competitiveness to be presented “less as a standalone economic agenda and increasingly as the economic dimension of European independence”. He also sees an important shift in the political narrative. “Competitiveness is no longer simply about growth. It is increasingly about Europe’s capacity to act,” Dröge said.

This approach would bring together several priorities already central to the Commission’s agenda. Peter Hefele expects von der Leyen to emphasise “competitiveness as the practical foundation of European independence”. He expects this to be linked to the Single Market, lower energy costs, defence readiness, technological sovereignty and the next EU budget.

The external dimension is likely to be particularly visible. Karel Lannoo expects von der Leyen to list the achievements of the first two years of the VLD II Commission, but to focus mainly on “the external agenda: EU in the world, and defense”. Competitiveness would therefore be framed not only as an internal economic objective, but as part of Europe’s response to a more contested international environment.

> “Competitiveness is no longer simply about growth. It is increasingly about Europe’s capacity to act.”
>
> JAN DRÖGE

That message could also shape the Commission’s approach to trade. Feriel Saouli expects a stronger emphasis on an open, rules-based European economy, while reducing strategic vulnerabilities. “Europe remains committed to open, rules-based trade while becoming less vulnerable to coercion, unfair competition and excessive reliance on individual suppliers,” Saouli said.

The internal economic agenda will remain important. Isabelle De Vinck expects von der Leyen to connect competitiveness to “the unresolved budget question” and “the state of the simplification agenda”. This would place financing and regulatory delivery at the centre of the competitiveness debate.

For Hefele, the key test is whether the speech moves from broad political messaging to a limited number of deliverable projects. He hopes for projects “with deadlines, financing and political responsibility”. His priorities include mobilising European savings, completing the services market and Energy Union, scaling European technology, and strengthening the capacity of EU institutions to deliver, including through joint procurement.

The social dimension may also become more prominent. Hefele expects the competitiveness narrative to extend to “skills, quality jobs and affordability”. This would make the agenda more relevant to citizens and connect European economic power with everyday economic security.

Yet the political direction may not change substantially. László Andor expects “not much change” compared with what he sees as von der Leyen’s “narrow minded approach” of the past two years. He does not exclude some adjustment in tone, however. Andor said von der Leyen or her advisers may have noticed the launch of the Rhine Group and make “some linguistic corrections to avoid a too wide gap being exposed”. He also sees her recent MEDEF speech as a possible indication of “some shift”, although he remains unconvinced.

Institutional capacity is another part of the equation. Elaine Cruikshanks argues that the Commission needs “greater powers to move more quickly and decisively”. In her assessment, Europe needs stronger capacity to respond to global competition and protect its competitiveness.

Roxana Moldovan expects the communication to emphasise “unity, resilience and Europe’s collective strength”. The point, she argues, is that competitiveness is not about individual member states succeeding alone, but about what the Union can achieve together. This reinforces the broader political message: European competitiveness is increasingly being presented as a collective capability.

The State of the Union is therefore likely to frame competitiveness as a geopolitical instrument. Energy costs, capital, technology, defence, trade and the Single Market become parts of one argument. Europe needs greater economic capacity if it wants greater strategic independence.

The question will be whether the speech can turn that narrative into a credible delivery agenda. The test will be concrete projects, credible financing, clear deadlines and stronger institutional capacity. It will also be a test of communication: whether the Commission can explain competitiveness not simply as an economic imperative, but as a practical condition for European independence and collective strength.

IDEAS TO CONSIDER

- Competitiveness is becoming Europe's economic foundation for strategic independence.
- Delivery will depend on financing, deadlines and institutional capacity.
- European unity must translate competitiveness into collective geopolitical strength.
- Clear communication must connect competitiveness with citizens' security and affordability.

KEYWORDS: European competitiveness, Strategic autonomy, Single Market, Economic security, EU institutional capacity

Conclusion: Communicating Europe’s Competitive Advantage

European integration has always rested on a simple proposition: economic prosperity and security reinforce one another. From peace and stability to the Single Market, the euro and enlargement, the European project has transformed Europe by turning economic integration into political strength. Its next challenge is to make that proposition relevant again.

Competitiveness is at the heart of that challenge. Europe faces growing economic and geopolitical pressure from the United States and China, while also needing to finance its social model, strengthen resilience and retain the capacity to act internationally. Economic strength is increasingly becoming a foundation of Europe’s strategic independence. But competitiveness will only succeed politically if citizens understand what it means for them.

The risk is that competitiveness becomes another Brussels concept: strategically important, technically sophisticated, but distant from everyday life. The opportunity is to make it tangible. Lower energy costs, faster permitting, better infrastructure, stronger skills, quality jobs, easier access to finance and more innovative European companies are outcomes people can see and judge.

This requires a shift from announcing strategies to demonstrating delivery. The Single Market remains Europe’s greatest source of scale, yet fragmentation, national barriers, regulation and slow permitting continue to make it harder for European companies to expand. The competitiveness agenda should therefore be judged by whether businesses can operate, invest and grow more easily across borders.

The same applies to investment. Europe needs not only more resources, but a greater capacity to mobilise private capital, coordinate policies and deliver projects. A European Competitiveness Fund could play an important role if it reduces fragmentation, attracts investment and helps bring technologies from research to commercial scale. Its credibility will depend on transparent governance and measurable results.

Competitiveness must also strengthen rather than weaken Europe’s social model. The goal is not lower wages or weaker protections, but higher productivity, innovation, skills and better jobs. Education and lifelong learning are economic investments as much as social ones. A stronger economy gives Europe greater capacity to finance social protection, absorb shocks and respond to demographic change.

This opportunity must extend across Europe. Competitiveness cannot become concentrated in its strongest regions. Cohesion, infrastructure, skills and administrative capacity should widen the number of places able to attract investment, develop companies and participate in European value chains.

Europe should also build on its existing industrial strengths rather than chase fashionable “winning sectors” or seek self-sufficiency everywhere. Manufacturing, energy technology, pharmaceuticals, biotechnology, agri-food, chemicals, defence and specialised industries already provide strong foundations. The priority should be to connect these capabilities with technology, investment, affordable energy and global markets while reducing dependencies that create economic or security vulnerabilities.

Skills shortages also make selective, legal and demand-driven migration part of the competitiveness equation, alongside better use of Europe’s existing workforce. Enlargement can similarly strengthen the Single Market, productive capacity and resilience, provided institutional capacity, financing and decision-making are strengthened at the same time.

Ultimately, competitiveness is a test of Europe’s capacity to deliver. Implementation takes place in national ministries, regions, municipalities and companies, where uneven administrative capacity, slow procurement and excessive complexity can undermine good European policy. Competitiveness therefore requires simpler rules, stronger administrations and better links between Brussels and implementation on the ground.

Brussels public affairs has a role to play by bringing expertise, evidence and practical experience into policymaking. But influence must remain open and representative, giving SMEs, regions and less-organised interests meaningful access alongside major corporations and established associations.

The political proposition is therefore bigger than competitiveness itself. Europe needs to explain why economic strength matters for security, prosperity and the ability to act independently in the world. Competitiveness can become a common goal and a shared sense of purpose.

Europe can produce another layer of strategies, slogans and targets. Or it can turn competitiveness into a delivery agenda: completing the Single Market, reducing energy costs, mobilising capital and skills, scaling technology, strengthening regions and making institutions faster.

Most importantly, Europe must communicate these achievements in terms citizens recognise. The competitiveness project will ultimately succeed not when Brussels talks more convincingly about economic power, but when Europeans can see and feel its benefits. That is the strategic opportunity: to make competitiveness the bridge between European capacity and citizens’ confidence in Europe.

IDEAS TO CONSIDER

- Make competitiveness visible through benefits citizens experience directly.
- Turn European economic power into security, prosperity and opportunity.
- Complete the Single Market to unlock Europe's scale.
- Make delivery, not strategy, the measure of competitiveness.
- Put citizens at the centre of Europe's competitiveness narrative.

Bottom line of the report: Economic competitiveness is an opportunity for the EU to connect with its citizens.

The 12th expert on competitiveness; my four-year-old son

As I'm writing this, my four-year-old is sitting on the floor next to me, building a make-believe city with incredibly well-functioning emergency services. There are many emergencies, and most of them are dealt with quite rapidly and pragmatically.

A car fell into a ravine and a helicopter came to drag it out. The police responded immediately to a burglary. A giant monster was captured and violently exiled. A road collapsed, and it was quickly dealt with by construction workers.

This is his view of the world: we have organised ourselves such that when something bad happens, we can count on communal services to fix whatever it is.

His world could not be further removed from the almost esoteric concept of competitiveness.

For this report, we asked 11 very smart people twelve questions about competitiveness, and they disagreed not only about how to fix this issue, but what the issue was at all.

Andor thinks the word is too vague to mean anything. Vinhas de Souza thinks it means finishing the single market and getting out of the way. Lannoo thinks Brussels matters less here than member states do. Hefele wants a treasury. Saouli wants trade associations in the room.

The 11 experts in this report have many interesting things to say about how Europe can protect its citizens against the many challenges it faces.

The citizen I'm looking at is four years old, has no position on the multiannual financial framework, and – I hope to god – will never read this report, but might have the most pragmatic point of view on what citizens need.

If something bad happens, someone comes. The helicopter exists and is fueled before the car falls into the ravine. The monster hunters can count on functioning telecom infrastructure to coordinate. The construction crew trusts their local labour laws will protect them when the road gives way and they're sent in to repair it.

Not that he knows that, but he assumes it is the case. He is imagining a city with a spectacular number of emergencies and he is imagining one where they are dealt with effectively, quickly and visibly.

Funnily enough, that is also the point our 11 experts agree on when it comes to competitiveness: none of this talk about competitiveness works if people can't see it.

Moldovan says communication with citizens is key. Soudain says stronger economic powers need citizen support before anything else. Hefele wants the whole agenda widened out to skills, quality jobs and affordability. Saouli's test for the next twelve months is whether a company can invest and export more easily next year than it can today. Jan Dröge argued that competitiveness is no longer about growth, but about Europe's capacity to act.

My son's city offers another perspective: nobody at the top has anticipated every monster, burglary and structural failure, but the people dealing with those have what they need: equipment, infrastructure, skills, authority and conviction.

Perhaps that is what competitiveness should look like? The world changes faster than we can respond to, so maybe we just aim for a society in which things generally work, and, when they don't, people close to the problem are able to fix them, rather than a top-down, end-all strategy aimed to solve all problems for everyone.

Alejandro Tauber

PUBLISHER

EUobserver: Serving European Citizens

EUobserver was founded in 2000 with a clear purpose: to provide independent journalism about the European Union and the decisions that affect Europeans' lives.

For more than 25 years, our editorial independence has been protected by the independent board of a non-profit organisation. That independence remains at the heart of EUobserver.

But the media world has changed.

Independent journalism is becoming harder to fund. Social media is taking people's attention away from journalism and towards short videos and influencers. AI companies use journalists' work on a massive scale, while giving little back to the people who produce it. And small independent media organisations struggle to keep pace with rapid technological change.

That is why, at the beginning of 2026, the EUobserver board decided to move our publishing to the Denník N group, an independent Central European media company with publications in Slovakia, the Czech Republic and Hungary.

The goal was simple: to protect what makes EUobserver valuable while making it stronger and closer to its readers.

Our independence remains essential. So does our focus on Brussels and on EU decisions that matter to citizens but are too often overlooked.

At the same time, we want to do more to connect European citizens with what is happening around them. EU politics does not stop in Brussels. Decisions made at European level affect people in Madrid, Prague, Budapest, Brussels and every part of Europe.

Independent media can help citizens understand that connection.

We are not only here to report what European institutions do. We are here to explain what it means for people, to give citizens the information they need to take part in the European debate, and to create a direct connection between citizens and the people making decisions in their name.

So far, the strategy is working. In six months, the number of EUobserver readers has almost doubled, reaching 800,000 a month. Our newsletter subscribers have also grown from 25,000 to 55,000 since February 2026.

These numbers tell us something important: citizens still want independent journalism. They want to understand Europe, and they want a media that speaks to them — not only about them.

We are grateful to everyone who believes that European democracy needs independent media. If you are one of them, EUobserver is here for you.

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