

Strengthening the European Union's position with EU Competitiveness Compass

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On 29 January, the President of the European Commission, Ursula von der Leyen, presented the EU Competitiveness Compass, a comprehensive strategy aimed at strengthening the European Union's position in the global economy.

This document incorporates the findings of the Draghi Report, commissioned from former European Central Bank President Mario Draghi at the end of the previous mandate, with the objective of reforming the EU's economic model. Additionally, it includes the recommendations of the Letta Report, prepared by Enrico Letta, President of the Jacques Delors Institute, which provides a high-level analysis of the future of the Single Market.

Based on these two key documents, the EU Competitiveness Compass seeks to address the structural weaknesses that have constrained the EU's economic growth in recent decades and outlines the European Commission's policy direction for the coming years.

Strategic Pillars

The EU Competitiveness Compass is structured around three fundamental pillars:

Under the first pillar, the Commission proposes measures to bridge the innovation gap within the European Union and create a new dynamism in Europe's industrial structure. In this regard, the Commission aims to facilitate the establishment and expansion of start-ups, develop a deeper and more efficient venture capital market, enhance talent mobility and retention, invest in cutting-edge infrastructure, and foster innovation and research.

A key initiative is the AI Strategy, which includes the "Apply AI" initiative to promote industrial adoption of artificial intelligence in key sectors, as well as the "AI Factories" initiative, which enables companies to develop AI models using supercomputers.

Equally relevant is the Start-up and Scale-up Strategy, which addresses regulatory fragmentation within the Union by creating a simple and unified set of rules that companies may voluntarily adopt.

Several additional initiatives have been introduced, including the Space Act, the revision of the Horizontal Merger Control Guidelines, the Digital Networks Act, and the EU Quantum Strategy and Quantum Act.

The second pillar establishes a joint roadmap for decarbonisation and competitiveness, reaffirming the EU's commitment to the European Green Deal objectives while ensuring predictability for clean-tech investors and businesses.

In addition to the Strategic Dialogue on the Future of the Automotive Industry, published on 30 January, the Commission is advancing an Affordable Energy Action Plan, with tailored measures for energy-intensive sectors—such as steel, metals, and chemicals—to mitigate structurally high energy prices and costs within the European Union.

The third pillar focuses on strengthening resilience and economic security within the Union, particularly through the launch of a new generation of trade agreements to ensure the supply of raw materials, clean energy, and green technologies from global partners.

Horizontal Enablers

To support each of the three pillars, the EU Competitiveness Compass identifies essential horizontal enablers:

Regulatory simplification will be a key priority, significantly reducing bureaucracy and administrative burdens on businesses. The Commission will introduce an initial legislative simplification proposal, aiming to reduce reporting obligations by 25% for all companies and by 35% for SMEs. Further measures will seek to cut administrative costs imposed on industry, enhancing operational efficiency.

In competitiveness financing, the Commission proposes the establishment of a European Savings and Investment Union, facilitating private investment flows and promoting innovative savings products. The next EU budget will present an opportunity to redefine priorities and simplify access to EU funding.

Skills development and workforce upskilling will be central to maintaining Europe's competitiveness in a rapidly evolving technological landscape. A Union of Skills will be established, introducing initiatives to equip European workers with the necessary skills to meet the demands of emerging sectors.

Effective coordination among Member States will be essential for the successful implementation of the EU Competitiveness Compass, ensuring coherence and efficiency in executing its measures.

The EU Competitiveness Compass sets out an ambitious roadmap for revitalising the European economy and reinforcing its global standing.



Thinking about tomorrow? Let's talk today.

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