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General Secretariat

Brussels, 07 March 2025

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LIMITE

MAP

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Delegations
N° prev. doc.:	CM 1661/1/25 REV 1 - agenda of the meeting
N° Cion doc.:	ST 5785/25
Subject:	Competitiveness Compass: - Presentation by the Commission

Delegations will find in the Annex the presentation by the Commission on the Competitiveness Compass, delivered at the meeting of the Working Party on Competitiveness and Growth (Public Procurement)

on 7 March 2025.

A Competitiveness Compass for the EU

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07 March 2025 - Council Public Procurement Working Party

— Member of the Competitiveness Task Force



Competitiveness as an urgent priority

FINANCIAL TIMES

COMPANIES TECH MARKETS CLIMATE OPINION LEX WORK & CAREERS LIFE & ARTS HTSI
Mario Draghi delivers downbeat outlook for EU economic growth

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

Opinion **The FT View**

Whatever it takes to boost European competitiveness

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

Reuters

World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾

EU leaders to demand sweeping competitiveness drive at summit

By Reuters

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

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

Reuters

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Draghi says EU is falling behind its rivals in competitiveness

By Philip Blenkinsop

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



Competitiveness at the core of the EU policy agenda



Political Guidelines in “Europe’s Choice”: a new Plan for Europe’s sustainable prosperity and competitiveness



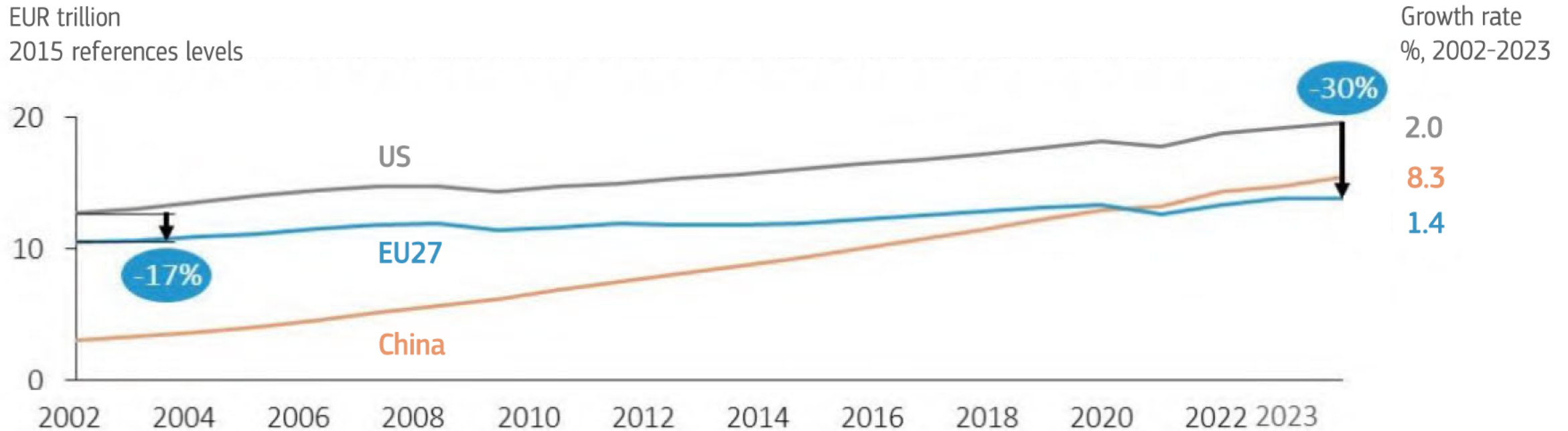
Our freedom and sovereignty depend more than ever on our **economic strength**. Our security depends on our ability to **compete, innovate and produce**. And our social model depends on a **growing economy** while facing demographic change. Mario Draghi’s [...] diagnosis was stark and his roadmap for action equally ambitious. [...] The first major initiative of the new Commission will be a **Competitiveness Compass** [...] built on the three pillars of the Draghi report. This will frame our work for the rest of the term.

Presentation of the von der Leyen II Commission
European Parliament, 27 November 2024



EU's divergent economic trajectory

Real GDP evolution 2002-2023: EU US and China



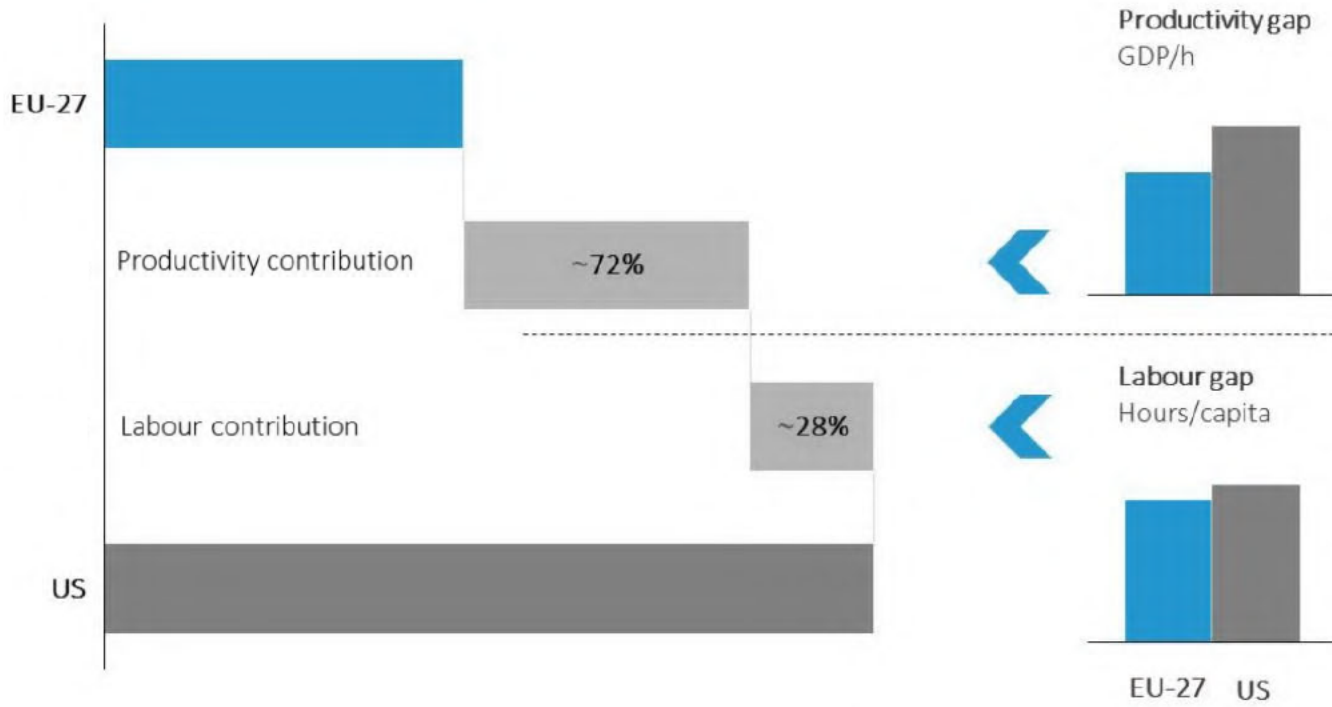
Source: OECD 2024



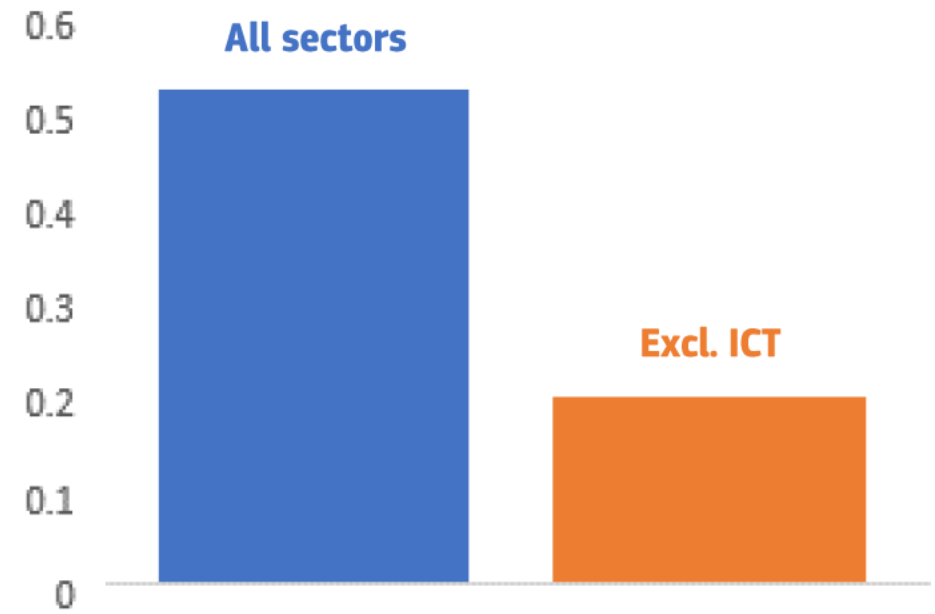
I. Need to close the innovation gap

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GDP per capita 2023 (constant PPP prices in EUR)



US minus EU productivity growth 2000-2019

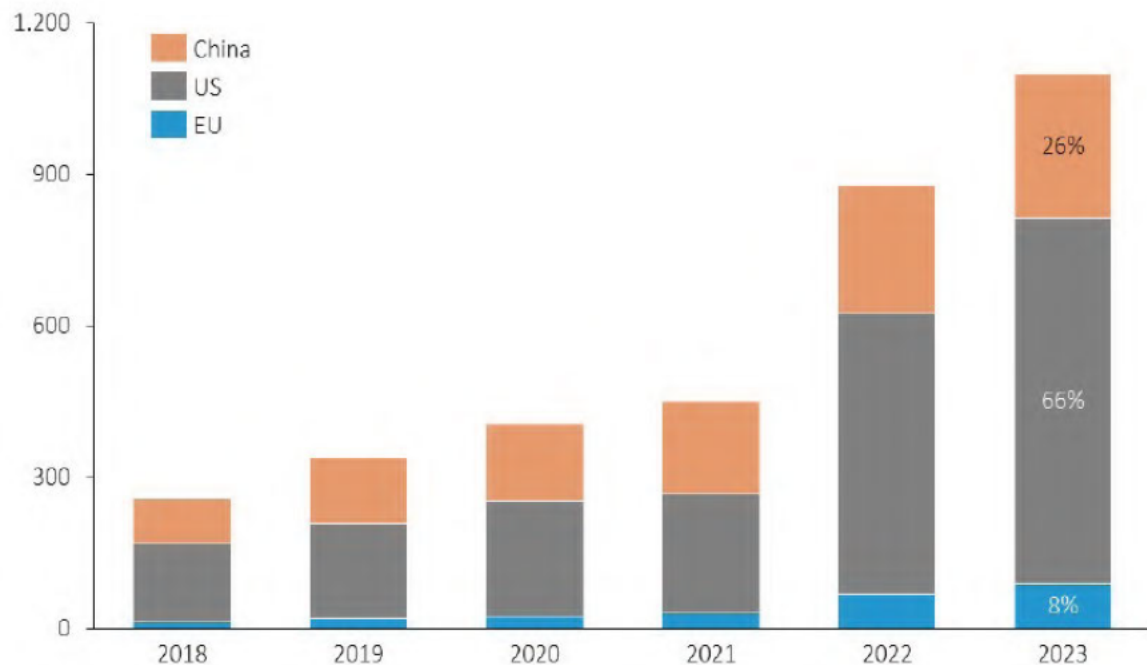


Source: AMECO



I. Need to close the innovation gap

Europe lags on active unicorns



Source. Pitchbook, Accessed 2024

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

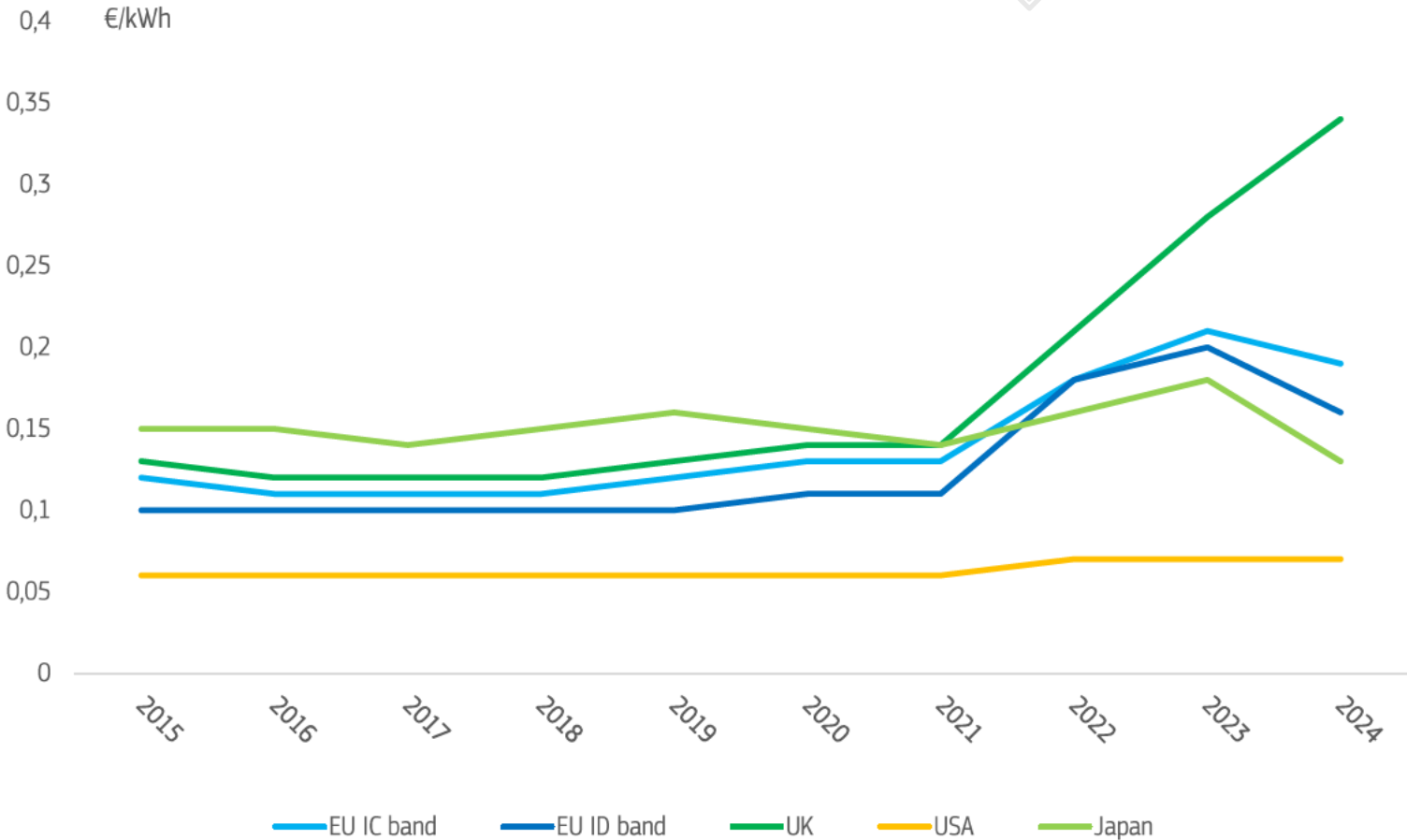
	2003	2012	2022
US	Ford (auto) Pfizer (pharma) GM (auto)	Microsoft (software) Intel (hardware) Merck (pharma)	Google (software) Meta (software) Microsoft (software)
EU	Mercedes (auto) Siemens (electronic) VW (auto)	VW (auto) Mercedes (auto) Bosh (auto)	VW (auto) Mercedes (auto) Bosh (auto)

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



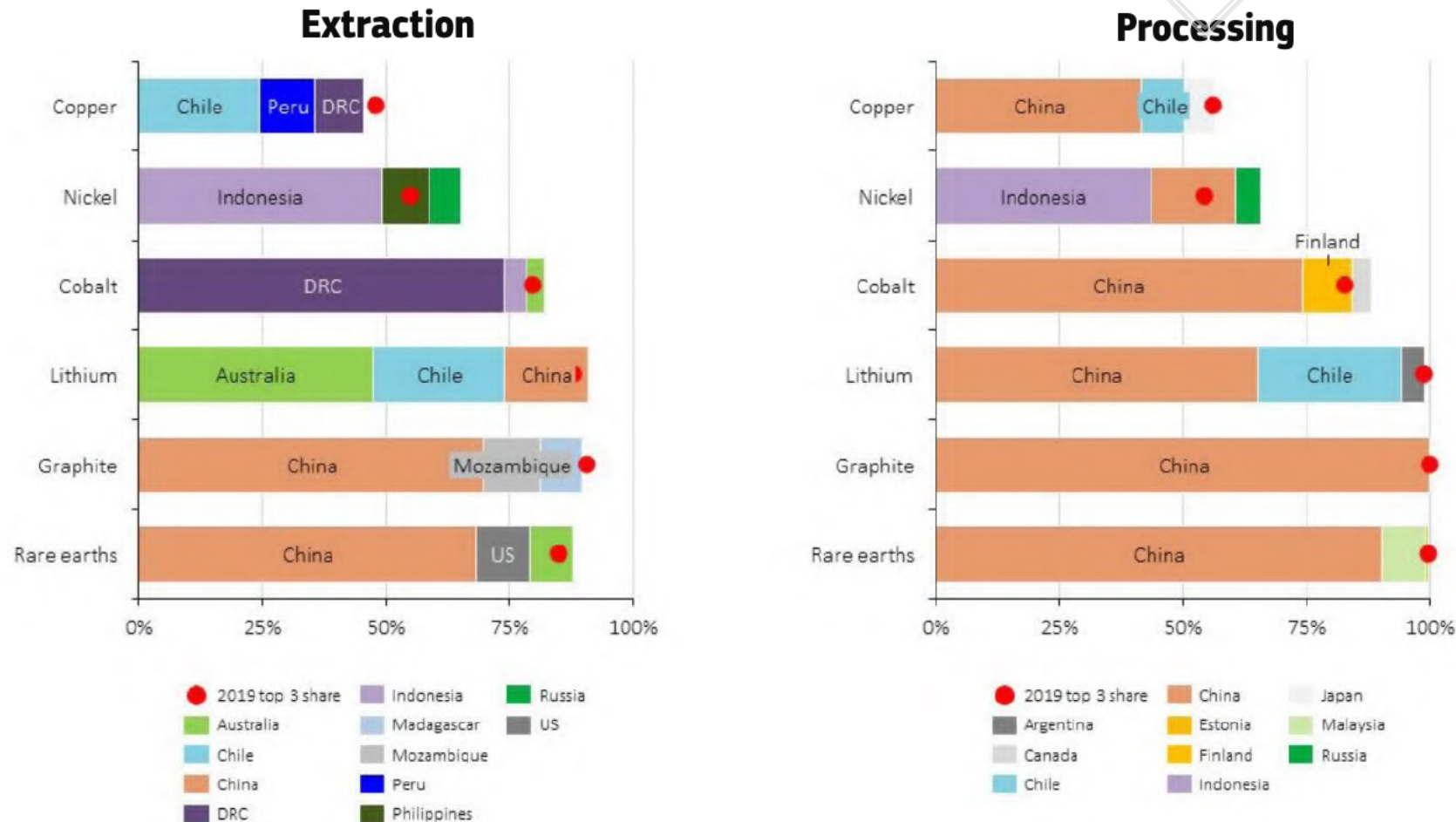
II. A joint plan for decarbonisation and competitiveness

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



III. Excessive dependencies can become vulnerabilities

Concentration of extraction and processing of critical resources



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



A Competitiveness Compass for the EU

Sustainable prosperity and competitiveness

Closing the innovation gap

Decarbonisation and competitiveness

Reducing excessive dependencies and increasing security

Simplification

Coordination

Single Market

Skills and quality jobs

Financing competitiveness



Flagship initiatives listed in the Competitiveness Compass

Closing the innovation gap

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

A joint roadmap for decarbonisation and competitiveness

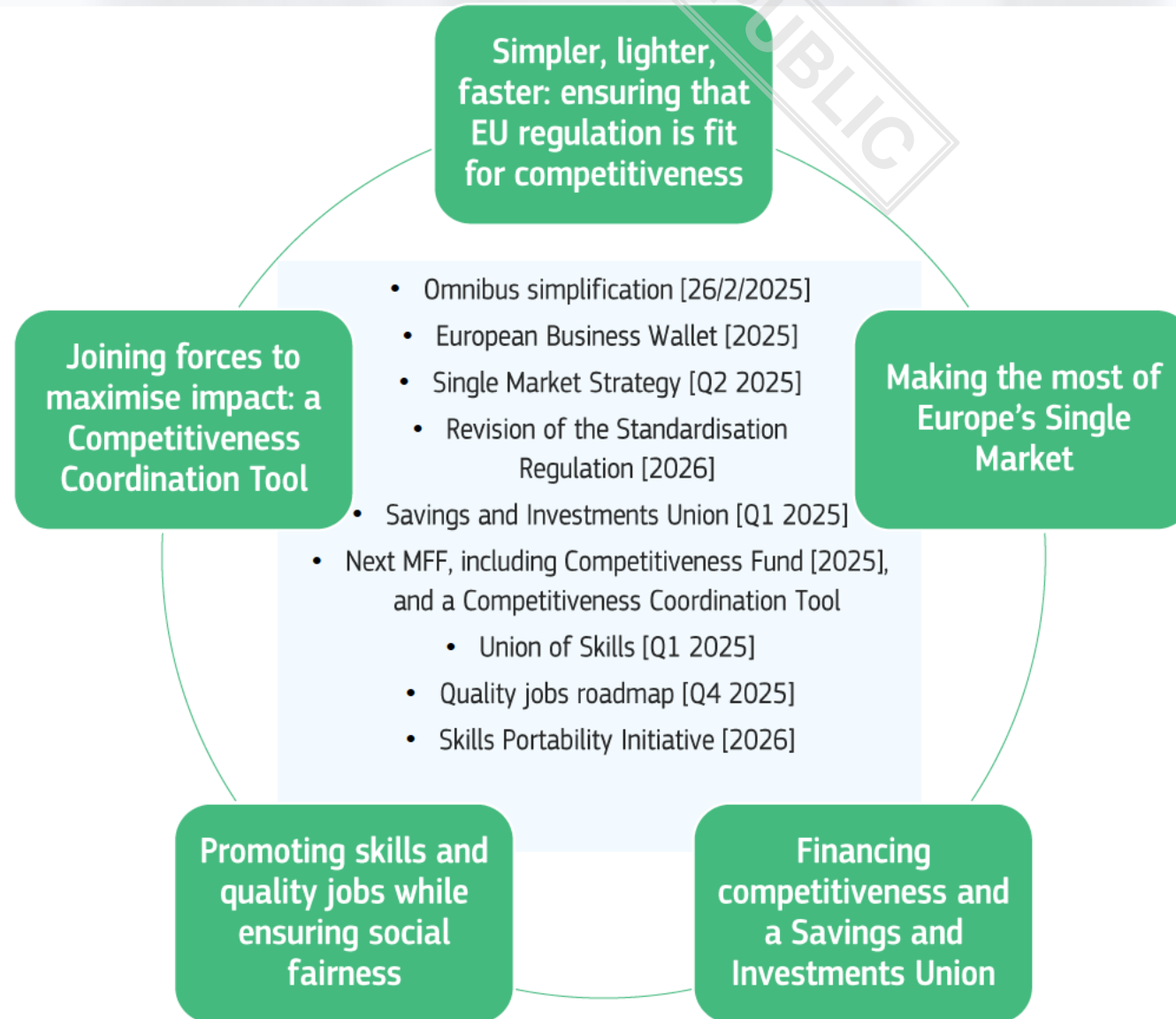
- Clean Industrial Deal and an Action Plan on Affordable Energy [Q1 2025]
- Industrial Decarbonisation Accelerator Act [Q4 2025]
- Electrification Action Plan and European Grids Package [Q1 2026]
- New State Aid Framework [Q2 2025]
- Steel and metals action plan [2025]
- Chemicals industry package [Q4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

Increasing security, reducing excessive dependencies

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



Horizontal Enablers



Proposals related to Public Procurement



- **European preference** in public procurement for critical sectors and technologies.
- New measures to **encourage demand for low-carbon products**, such as benchmarking/labelling, mandates or preference in public procurement or financial incentives through contracts for difference.
- Increasing recourse to **joint defence procurement**
- Incentivize **coordination of procurement in strategic sectors** (CRM, medicines..)
- The planned review of the Public Procurement Directives aims at **reinforcing technological security** and domestic supply chains, as well as **simplifying** and modernizing rules, in particular for start-ups and innovative companies.



A Competitiveness Coordination Tool

Advantages:

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

Pilot Areas:

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

Competitiveness Priorities

Competitiveness Pilots
to achieve EU Priorities



Implementation linking national actions to EU Priorities

Funding



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Thank you

