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Working Paper 7 The Draghi Report

Project Schuman2030

Working Paper 7

The Draghi Report



Status: Work In Progress

Abstract:

The **Draghi Report** (officially titled "*The Future of European Competitiveness*") is a landmark economic strategy released in **September 2024**. Commissioned by the European Commission and authored by **Mario Draghi**, the former President of the European Central Bank and former Prime Minister of Italy, it serves as a high-stakes "wake-up call" for the European Union.

The report argues that Europe faces an "**existential challenge**" and must undergo a radical transformation to avoid a "slow agony" of economic decline when compared to the United States and China.

We analyse his speech and the report (Part A and Part B with the recommendations) and put it next to the concept for reform put forward by Schuman2030.

Note:

This is Work In progress. As feedback is collected, arguments raised and more data is discovered, we expect the project to evolve. And in the end, it will be up to national and EU parliaments to implement a concrete framework for 2030.

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1 Mario Draghi's Address on the Future of European Competitiveness

European Parliament, Strasbourg, 17 September 2024

1.1 The diagnosis: Europe Is Falling Behind

Draghi opens with a stark warning: the world is undergoing dramatic change, slowing trade, geopolitical fracturing, and accelerating technological disruption, and **Europe is the most exposed developed economy** to these shifts. He backs this with five data points:

- **Most open economy:** EU trade-to-GDP exceeds 50% (vs. 37% China, 27% US)
- **Most dependent:** reliance on a handful of suppliers for critical raw materials; 80%+ of digital technology is imported
- **Highest energy prices:** EU companies pay 2–3x more for electricity than US and Chinese competitors
- **Innovation lag:** only 4 of the world's top 50 tech companies are European
- **Defence underinvestment:** only 10 Member States meet the NATO 2% GDP target



His core fear is not a collapse, but **gradual erosion**, Europe becoming "*less prosperous, less equal, less secure and, as a result, less free to choose our destiny.*" If the EU can no longer deliver its foundational values (democracy, freedom, peace, equity, prosperity), it will have "*lost its reason for being.*"

Comment:

This is without any doubt a fact. Moreover, historical data shows that this has been a growing downward trend especially during the last decades. The question to answer is to now the underlying causes. The EU should not blame on changing global patterns, as all countries are exposed to the same world-wide changes. Why did the EU adopt less to it? Note that the same question can be asked about e.g. the US but also about its member states.

1.2 The Strategy: Three Areas for Action

1.2.1 Closing the Innovation Gap

- EU companies spent **€270 billion less on R&D** than US counterparts in 2021.
- Europe's industrial structure is **static**, the same automotive companies have led R&D for 20 years, while the US shifted to tech giants.
- **No EU company worth over €100 billion has been founded from scratch in the last 50 years.** All six US trillion-dollar companies were.
- ~30% of European "unicorns" relocated headquarters abroad (2008–2021).

Proposals: Reform the innovation ecosystem end-to-end, from universities commercialising patents, to a new **"Innovative European Company"** EU-wide legal statute, to refocusing public R&D spending on fewer, bolder priorities. Integrate AI into industry using Europe's high-performance computing network. Crucially, **match tech investment with a skills overhaul**, "*investment in technology and in people must go hand in hand.*"

Comment:

While this also in without any doubt true, money in itself doesn't buy innovation. Innovation is done by people, often working with passion in small teams. When they innovate this has to be followed up by sufficient investments not so much to further develop the innovation but to put it on the market at scale. Hence innovation can only be an economic multiplier if it is followed by sufficient investment, large scale production and market penetration. The EU only delivers on the innovation because it still has one of the best educational systems and R&D centers. But it fails in the follow-up. This must be analysed much more in depth.

1.2.2 Decarbonisation + Competitiveness (Together)

- Without a coherent plan, climate targets risk **undermining competitiveness**, and being rejected politically.
- **Energy prices must come down first.** Even if renewable targets are met, fossil fuels will still set electricity prices for much of this decade.
- China's manufacturing overcapacity in clean tech (solar, batteries) poses a strategic dilemma: cheap imports accelerate decarbonisation but destroy European industry and "good green jobs."

Proposals: A **differentiated, sector-by-sector approach**, not blanket protectionism. Let foreign taxpayers subsidise cheap solar panels for Europe. Protect strategic sectors like batteries where dependency is dangerous. Nurture "infant industries" where Europe has an innovative edge. Accelerate permitting and grid investment (without which Europe could lose 10x more renewable generation by 2040). Return to normal State aid rules while funding projects of common European interest.

Comment

This is in-line with was said before. Today China has eclipsed us all. This is a matter of scale, but also of quality. The European Northvolt battery factory in Sweden went bankrupt, mainly because they couldn't reach the required level of quality, nt by lack of investments and subsidies. China became not only technology leader in these domains but also diversified and next to massive solar panel and wind turbine fields, China is now leader in nuclear energy while not hesitating to still invest in clean burning cola plants. Without affordable and guaranteed energy no sustainable industry is possible.

1.2.3 Security and Reducing Dependencies

- Europe's defence industrial base is **excessively fragmented**, duplicative, non-interoperable, and 80% of procurement spending goes to non-EU suppliers.
- Critical raw material supply chains are dangerously concentrated.

Proposals: Develop a genuine EU **"foreign economic policy"**, coordinating trade agreements, stockpiling critical materials, and securing semiconductor supply chains. In defence, **consolidate demand, increase joint procurement, and integrate industrial capacity** while preserving competition from innovative SMEs.

Comment

This is one of the most visible deficiencies of the EU and one of the first Schuman2030 want to address with a Federal European defence Council. While the EU as well is now accelerating its defence efforts (under pressure of the war in Ukraine and the unpredictability of the USA as a NATO partner, the question that also needs to be asked is why Europe has accepted to this decline while living under the ANTO-US protective umbrella.

1.3 The Price Tag: €750–800 billion Per Year

Draghi's bottom-up analysis (conducted by Commission and ECB staff) concludes that delivering on the EU's already-agreed objectives (carbon neutrality, 3% GDP R&D, NATO 2%, Digital Decade) requires €750–800 billion in additional annual investment, pushing the investment-to-GDP ratio to levels not seen since the 1960s–70s, "more than double the Marshall Plan."

Financing: Historically 80% private / 20% public. Capital Markets Union is essential to channel private savings across the EU. But **common debt issuance** will also be needed for breakthrough research, grids, and defence procurement. Draghi stresses: this debt is not for subsidies, it funds objectives already unanimously agreed upon. *"If one objects to a true Single Market, capital market integration, and debt issuance, one objects to our EU objectives."*

Comment

While investments will be needed, the question is if new money will be needed. As was mentioned above, money in itself doesn't buy progress. Money well spent does. A deep audit of the current budgets will likely liberate billions of Euros without having to fall back on debt financing especially as most European countries are run a high budget deficit.

1.4 Political Message: Integration Is the Only Option Left

Draghi closes with a blunt trilemma: **paralysis, exit, or integration.**

- **Exit** has been tried (Brexit) and "has not delivered what its proponents hoped for."
- **Paralysis** is "becoming untenable as we slide towards greater anxiety and insecurity."
- **Integration** is "our only hope left."

He explicitly places the burden on elected representatives, "the choices we face are too important to be settled by technocratic solutions", and calls for broad democratic backing to overcome Europe's divisions. His final line: **"It will be only through unity that we will be able to retain our strength and defend our values."**

Comment

While more integration, certainly for federal supra-national competences is a timely need, it is not a sufficient condition. The EU suffers from deficits in democracy, efficiency and scale. Democracy means bottom-up subsidiarity rather than top-down. Efficiency means less regulations but essential ones, less bureaucracy and an openness how public money is spent. Scale means that the market is large to sustain high-volume and cost-efficient production. Unity, when blindly imposed does not align with strength and values.

1.5 Notable absence:

Draghi's speech contains **no mention of returning competences to member states**, no discussion of subsidiarity, and no reference to bottom-up federalism. The entire thrust is unidirectional: more integration, more common spending, more EU-level coordination. This aligns precisely with the gap identified in our earlier analysis, even Europe's most influential reform voices operate within the "more Europe" paradigm, with no structured mechanism for rebalancing competences downward. This is a flagrant miss in the report. The active economic forces are to be funded at the citizens and companies at the bottom. They should have the initiative.

2 The Draghi Report on the Future of European Competitiveness (Part A)

Part A: A Competitiveness Strategy for Europe, September 2024

2.1 The Core Thesis

Europe faces an **existential productivity crisis**. The gap with the US and China is widening across innovation, energy, defence, and technology. Without radical change, Europe will be unable to simultaneously pursue its climate goals, defend itself, maintain its social model, and remain a leading global economy. The report calls for **€750–800 billion in additional annual investment**, more than double the Marshall Plan, and a fundamental restructuring of how the EU operates.

2.2 Part I: The diagnosis

2.2.1 The Productivity Gap

- Real disposable income per capita has grown **almost twice as much** in the US as in the EU since 2000.
- The EU-US GDP gap is driven primarily by **lower productivity growth** in Europe, not by working hours or employment levels.
- Europe's workforce will **shrink by ~2 million workers per year** by 2040, meaning productivity must carry the entire burden of future growth.
- If the EU maintains its average productivity growth rate since 2015, it would only be enough to **keep GDP constant** until 2050, with zero room for new investment needs.

2.2.2 A Static Industrial Structure

- **No EU company** with a market capitalisation over €100 billion has been founded from scratch in the last 50 years.
- **All six** US companies valued above €1 trillion were created in that period (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta).
- EU R&D spending is **€270 billion less** than US counterparts (2021).
- Europe's top R&D investors are still **automotive companies**, the same as 20 years ago. In the US, the top 3 shifted to tech.
- ~30% of European unicorns **relocated headquarters abroad** (2008–2021), overwhelmingly to the US.

2.2.3 The Energy Penalty

- EU electricity prices are **2–3x higher** than in the US.
- Natural gas prices are **4–5x higher**.
- Even with renewables expansion, **fossil fuels will still set electricity prices** for much of this decade.
- Without reform, Europe could lose **10x more renewable energy generation** by 2040 due to grid constraints.

2.2.4 Dangerous Dependencies

- 75–90% of global semiconductor wafer fabrication capacity is in **Asia**.
- The EU imports **over 80%** of its digital technology.

- Critical raw materials are concentrated in a **handful of suppliers**, especially China.
- Only **10 Member States** meet the NATO 2% GDP defence spending commitment.

Comment

While all true, this is not a diagnosis but a collection of unfortunate symptoms. A diagnosis looks at the root causes in order to identify remedies.

2.3 Part II: The Three Pillars of Action

2.3.1 Pillar 1: Closing the Innovation Gap

The Problem: Europe produces excellent research but fails to commercialise it. Only one-third of patented inventions from European universities are commercially exploited. Regulatory fragmentation and lack of scale kill startups before they can grow.

Key Proposals:

- **"Innovative European Company"** statute, a new EU-wide legal status giving companies a single digital identity valid across all Member States, with access to harmonised legislation
- **Reform public R&D spending**, shift from scattered national programmes to fewer, bolder EU-level priorities with higher intensity financing for disruptive innovation
- **AI deployment strategy**, leverage Europe's unique network of high-performance computers; expand access to startups and industry; shift from restraining AI to deploying it
- **Skills overhaul**, match US on innovation, exceed the US on education and adult learning; use data to identify skills gaps; invest at every life stage
- **Capital Markets Union**, integrate fragmented national capital markets so private savings can flow to high-growth companies across the EU

Critical statistic: EU households save more than US households, but their wealth has grown by **only a third as much** since 2009, because savings aren't channelled into productive investment.

Comment

There is no innovation gap (although for example China has been leapfrogging Europe as well as the US). Europe is still a world-wide top innovator in many fields. There is gap between innovation and going to the market in volume.

2.3.2 Pillar 2: Joint Plan for Decarbonisation and Competitiveness

The Problem: Europe's climate ambitions are world-leading, but without a coherent industrial plan, decarbonisation risks **destroying competitiveness** rather than enhancing it. Chinese overcapacity in clean tech threatens European industry.

Key Proposals:

- **Lower energy prices urgently**, reform market rules so end-users capture the benefits of clean energy; reduce taxes and financial rents that inflate costs
- **Technology-neutral approach**, include renewables, nuclear, hydrogen, bioenergy, and carbon capture (CCUS)
- **Massive grid investment**, accelerate permitting; prioritise interconnectors

Differentiated trade strategy by sector:

| Category | Approach | Example |
|--|--|---------------------|
| Foreign producers too far ahead | Let imports accelerate decarbonisation | Solar panels |
| Open to foreign tech + inward investment | Welcome technology transfer | Selected clean tech |
| Strategic, cannot be dependent | Keep know-how in Europe | Batteries |
| Infant industries with EU edge | Nurture until globally competitive | Emerging clean tech |

- **Not blanket protectionism**, measures should be "careful, defensive, and designed only to level the playing field"
- **Return to normal State aid rules**, end the post-COVID relaxation, but allow State aid for projects of common European interest (IPCEIs)

Critical distinction: Distinguish between **innovation abroad** (good for Europe) and **state-sponsored competition** (harmful to European workers).

Comment

Europe's decarbonisation strategy has been driven by an ideology that lacked pragmatism, with catastrophic outcomes (see for example Germany that is not battling with double energy prices, up to 6 times more CO2 output than Frankrijk and a resulting decline of its industry). Technology automatically seeks better and more efficient solutions, but these can't be programmed on a time line. Again, the country that took a diversified pragmatic approach is now the country leading the world.

2.3.3 Pillar 3: Security and Reducing Dependencies

The Problem: Europe is the world's second-largest military spender collectively, but gets far less capability per euro than the US due to **extreme fragmentation**. 12 types of battle tanks in Europe vs. 1 in the US. 78% of defence procurement spending goes to non-EU suppliers.

2.3.4 Key Proposals:

- **EU "foreign economic policy" (statecraft)**, coordinate trade agreements, direct investment with resource-rich nations, build strategic stockpiles, create industrial partnerships for key supply chains
- **Defence consolidation:**
 - Substantially increase aggregation of demand between Member States
 - Raise the share of joint defence procurement
 - Increase common R&D spending
 - Selective integration and consolidation of EU industrial capacity
 - Maintain competition by supporting innovative defence SMEs
- **Semiconductor strategy**, enhance Europe's domestic presence in the most advanced chip segments
- **Critical raw materials**, diversify away from cheapest-but-riskiest suppliers; build domestic processing capacity

- **Reconcile security with solidarity**, help middle- and low-income countries develop and decarbonise alongside Europe

Comment

This is the diagnosis of a true major deficiency of Europe that also Schuman2030 aims to address. The fragmentation is due to the member states still mainly acting and planning in terms of national pride and industry interests. This hampers the required economy of scale to efficiently use the available resources. The other issue is a lack of long-term strategy that ignored for too long risks of being dependent on external sources for raw material and even for defence. For defence Europe relied on NATO. For raw materials and energy Europe imports because it was cheaper. Meanwhile regional energy sources like coal, gas, oil and even nuclear energy were terminated. Europe has a long history with e.g. Africa, but it is China who is now making inroads in this gigantic resource rich continent.

2.4 Part III: The Structural Barriers

The report identifies **three systemic obstacles** that prevent Europe from acting:

2.4.1 Lack of Focus

- The EU sets ambitious objectives but fails to prioritise or follow through with joined-up policy
- Regulatory burden is crushing: more than half of SMEs cite it as their greatest challenge
- The Single Market remains fragmented for decades in key areas (telecoms, energy, financial services, defence)

2.4.2 Wasted Common Resources

- Public spending is diluted across multiple overlapping national and EU instruments
- Defence collaborative procurement: less than 1/5 of equipment spending (2022)
- EU-level R&D spending: only 1/10 of total public R&D, despite massive spillover benefits
- No mechanism to pool resources for breakthrough technologies at scale

2.4.3 Failure to Coordinate

- EU legislative process averages **19 months** from proposal to adoption
- Decision-making rules haven't evolved despite enlargement and a more hostile global environment
- Multiple veto players at every stage
- Industrial strategy requires combining fiscal, trade, and foreign economic policy, but the EU's disaggregated process can't produce this

Comment

We largely agree with this analysis, but what are the root causes? Why did the EU as an organisation become a champion in bureaucratic over-regulation? There is a lot of talk at the EU-level but there is a lack of swift action. Maybe the root cause is not so much a lack of unity but a lack of clearly assigned competences and responsibilities. The question also needs to be asked if the EU has the right competences in place.

2.5 Part IV: The Investment Challenge

2.5.1 The Numbers

- €750–800 billion per year in additional investment needed
- Investment-to-GDP ratio must rise to **levels not seen since the 1960s–70s**
- This is **more than double the Marshall Plan** (which was ~1–2% of GDP annually)

2.5.2 Financing Strategy

- Historically: 80% private / 20% public split
- Capital Markets Union is essential to mobilise private savings across borders
- Common debt issuance needed for breakthrough research, grids, and defence procurement
- If the strategy succeeds and productivity rises, public financing costs drop by one-third

2.5.3 The Political Argument

Draghi frames this not as new spending, but as the **cost of delivering on objectives already agreed:**

- Carbon neutrality by 2050 (enshrined in EU law)
- 3% GDP on R&D (longstanding commitment)
- NATO 2% defence spending
- Digital Decade targets

"If one objects to building a true Single Market, to capital market integration, and objects to debt issuance, one objects to our EU objectives."

Comment

As was outlined above, there is not a lack of financial means, there is a lack of efficient use of the financial means. Debt financing is only a remedy if it is tied to a guaranteed Return on Investment. This is true more than ever as the EU and its members are already highly indebted.

2.6 Part V: Governance Reform

The report calls for **fundamental changes** to how the EU makes decisions:

- **Faster decision-making**, reduce the 19-month legislative average
- **Fewer veto points**, address the unanimity trap in key policy areas
- **Better coordination** between national and EU-level industrial strategies
- **Stronger implementation**, close the gap between objectives and follow-through
- **Democratic legitimacy**, "the choices we face are too important to be settled by technocratic solutions"

Comment

While Schuman2030 fully supports this analysis, the solution is not more of the same, but less. This can be achieved by more democracy, more openness and making sure that the people in charge have a proven track record in the domain in terms of know-how and in terms of capability to manage and execute.

2.7 The Bottom Line: Draghi's Trilemma

"Europe faces a choice between paralysis, exit, or integration."

- **Exit has been tried** (Brexit), "has not delivered what its proponents hoped for"
- **Paralysis is** "becoming untenable as we slide towards greater anxiety and insecurity"
- **Integration is "our only hope left"**

2.8 What the Report Does NOT Address

From a Schuman2030 perspective, several critical gaps are worth noting:

- **No subsidiarity analysis.** The report never asks: "Which competences should the EU *stop* exercising?" It is entirely additive, more EU coordination, more EU spending, more EU-level action. There is no rebalancing.
- **No bottom-up federalism.** The Swiss model, where competences default to the lowest level and are only delegated upward when necessary, is completely absent.
- **No democratic reform beyond speed.** The governance section focuses on making the existing system *faster*, not on making it more *legitimate* or *accountable*. There's no discussion of direct democracy, citizens' initiatives with binding force, or cantonal-style autonomy.
- **No grand bargain.** The report asks sovereignty-minded Member States to accept common debt, qualified majority voting, and deeper integration, but offers them **nothing in return**. No competences returned, no regulatory rollback in specific areas, no enhanced national autonomy in exchange for pooled sovereignty elsewhere.
- **No acknowledgment of overreach.** The report diagnoses regulatory burden as a problem but frames the solution as *better* regulation, not *less* EU-level regulation. The possibility that the EU itself is the source of some regulatory overreach is not explored.

This makes the Draghi Report a powerful diagnostic document and a bold investment plan, but it remains firmly within the "**more Europe**" **paradigm**, with no mechanism for the kind of **bilateral rebalancing** that Schuman2030 proposes.

3 The Draghi Report, Part B

In-Depth Analysis and Recommendations, September 202

This is the **detailed companion** to Part A, spanning 10 sectoral deep-dives and 5 horizontal policy chapters. It provides the evidence base, data, and specific policy proposals behind Draghi's strategy. Below is a structured summary of each chapter.

3.1 SECTION 1: SECTORAL POLICIES

3.1.1 Energy

The Problem

Energy is the **single largest driver** of Europe's competitiveness gap. EU companies face:

- Oil and gas prices **3–5x higher** than the US
- Electricity prices **2–3x higher** than the US and China
- Price volatility that has become **structural**, not cyclical
- In 2023, ~60% of European companies cited energy prices as a major impediment to investment, **20+ percentage points above US companies**
- The EU's fossil fuel import bill: €416 billion in 2023 (~2.7% of GDP)

Root Causes

- **Gas import dependency & spot market exposure:** The EU is the world's biggest gas/LNG importer but doesn't leverage its collective bargaining power. During the 2022 crisis, intra-EU competition for gas drove prices **€40/MWh above Asian benchmarks**, a completely self-inflicted wound
- **Marginal pricing mechanism:** Natural gas was the price-setter **63% of the time** in 2022 despite being only 20% of the electricity mix, meaning expensive gas sets the price for cheap renewables too
- **Underdeveloped long-term contracts:** Power Purchase Agreements (PPAs) are growing but remain far below potential; most gas is still bought on volatile spot markets
- **Grid bottlenecks:** Without massive grid investment, Europe could lose **10x more renewable generation** by 2040 due to congestion
- **Taxes and levies:** Non-energy components (taxes, network charges, levies) make up a **huge share** of final electricity prices, varying wildly across Member States

Key Proposals

- **Joint gas purchasing:** Leverage EU's collective market power (like Korea's KOGAS model) to negotiate cost-plus contracts
- **Decouple gas from electricity pricing:** Reform marginal pricing so renewables and nuclear benefits flow to consumers
- **Accelerate PPAs:** Standardise contracts, reduce counterparty risk, create EU-wide PPA platforms
- **Massive grid investment:** Prioritise interconnectors; fast-track permitting for transmission infrastructure
- **Technology-neutral clean energy:** Renewables + nuclear + hydrogen + CCUS + bioenergy
- **Reduce taxes/levies on energy:** Harmonise the non-energy cost components across Member States

Comment

While the analysis is to the point, it ignores that the issues are partly self-inflicted. Many European energy resources were terminated for several reasons such as the clean energy policies or because it was cheaper to import them. This includes European gas and oil reserves e.g. Netherlands' gas, North sea oil and nuclear energy. In addition, and this is factually correct, a large part (more than 50%) of the end-user price is often tax related. The latter will not be solved by a harmonisation of the non-energy cost but by drastically lowering them.

3.1.2 Critical Raw Materials

The Problem

- The EU depends on a **handful of suppliers** for materials essential to the green and digital transitions (lithium, cobalt, rare earths, gallium, germanium)
- **China dominates** processing: 60–90% of global refining capacity for most critical minerals
- Global demand for these materials is **exploding**, lithium demand expected to grow 6–7x by 2040
- The EU has significant geological resources but **barely mines or processes them domestically**
- Permitting timelines for mining in Europe: **10–15 years** on average

Key Proposals

- **EU "foreign economic policy" for raw materials:** Coordinate trade agreements and direct investment with resource-rich nations (Africa, Latin America, Australia)
- **Strategic stockpiling:** Build EU-level reserves for the most critical materials
- **Accelerate domestic mining and processing:** Drastically reduce permitting times; use the Critical Raw Materials Act as a springboard
- **Recycling at scale:** Develop “urban mining” and circular economy infrastructure, Europe's "above-ground mines"
- **Industrial partnerships:** Secure supply chains through joint ventures and offtake agreements with producing countries
- **Diversification targets:** Reduce dependency on any single country below defined thresholds

Comment

Very much to the point, but it highlights a burden of regulations and a lack of strategic long term thinking.

3.1.3 Digitalisation and Advanced Technologies

This chapter covers three sub-sectors:

3.1.3.1 High-Speed Broadband Networks

Problem: Europe lags in fibre and 5G deployment. The telecoms sector is **fragmented across 27 national markets** with ~50 mobile operators (vs. 3 in the US). This prevents scale, depresses investment, and keeps prices high for businesses.

Proposals:

- Consolidate the telecoms market, allow cross-border mergers to build pan-European operators
- Harmonise spectrum allocation across Member States
- Accelerate fibre rollout with streamlined permitting
- Shift competition policy from protecting many small operators to enabling scale

3.1.3.2 *Computing and AI*

Problem: Europe has **no frontier AI company** comparable to OpenAI, Google DeepMind, or Anthropic. The cost of training large models is prohibitive without big-tech backing. Europe risks becoming a pure **consumer** of AI rather than a producer.

Proposals:

- Leverage Europe's **unique network of high-performance computers** (EuroHPC), expand capacity and open access to startups and industry
- Focus on **AI deployment** (applying AI to industry) rather than only trying to compete on frontier model training
- Rebalance the AI Act, shift from restraining AI to understanding how to benefit from it
- Fund European AI champions through dedicated public-private partnerships

3.1.3.3 *Semiconductors*

Problem: 75–90% of global wafer fabrication is in Asia. Europe has **strong design capabilities** (ASML, NXP, Infineon, STMicroelectronics) but lacks advanced manufacturing. The EU Chips Act is a start but insufficient.

Proposals:

- Enhance Europe's presence in the **most advanced chip segments** (sub-5nm)
- Secure the supply chain through industrial partnerships with allied nations (US, Japan, South Korea)
- Increase R&D funding for next-generation chip architectures
- Ensure ASML's lithography monopoly is protected as a strategic European asset

Comment

Again, Europe doesn't lack in terms of innovation, capacity but in terms of scaling up and bringing the technology to market. It is a symptom that the EU regulated the digital domain including AI even before it developed itself a solid presence in the market. Meanwhile China has leapfrogged the US by being smarter and by focusing on AI applications. Even a small country like Switzerland has a locally hosted AI platform. The same is true for semiconductors. Europe has decades advance with ASML and IMEC, both world-wide leaders in the semi-conductor industry. But IMEC has barely any spin-offs. ASML is top supplier for the whole world but Europe has only a few semiconductor companies, mostly in niche markets. The only real success was ARM who is a fabless processor company, but now owned by a Japanese holding.

3.1.4 Energy-Intensive Industries

The Problem

- Chemicals, steel, cement, glass, paper, aluminium, these sectors are the **backbone of European manufacturing** but are being crushed by energy costs
- EU energy-intensive industries saw **production decline 10–15%** during the 2021–2023 energy crisis, with some subsectors (fertilisers, aluminium) down 20–30%
- Unlike the US (cheap shale gas) and China (subsidised energy + scale), EU producers have **no structural cost advantage** and face the highest carbon costs in the world (EU ETS)
- Risk of **carbon leakage**, production moving to jurisdictions with lower environmental standards, with no net climate benefit

Key Proposals

- **Lower energy prices** (see Energy chapter), this is the single most important lever
- **Carbon Contracts for Difference (CCfDs)**: Government guarantees that bridge the gap between the carbon price and the cost of green production processes
- **Carbon Border Adjustment Mechanism (CBAM)**: Strengthen and accelerate implementation to prevent carbon leakage
- **Green public procurement**: Use government purchasing power to create demand for low-carbon steel, cement, chemicals
- **Support industrial electrification and hydrogen**: Fund the transition from gas-based to electric/hydrogen-based processes
- **Avoid deindustrialisation**: Explicitly recognise that losing energy-intensive industries means losing entire industrial ecosystems and supply chains

Comment

This analysis is very true. However, the proposals aim at a direct public intervention. The root causes are over-regulations, too heavy taxing of energy and a too high dependency on imported materials; The transition to a hydrogen-based industry is far from certain to being a successful choice on technology grounds.

3.1.5 Clean Technologies

The Problem

- The EU is a world leader in wind turbines, electrolysers, and low-carbon fuels, more than 1/5 of global clean tech is developed here
- But China is overwhelming the market through massive subsidies, innovation, raw material control, and continent-wide scale
- By 2030: China's solar PV manufacturing capacity will be 2x global demand; battery cell capacity will cover all global demand
- European clean tech companies face a "valley of death", they can innovate but cannot scale competitively

3.1.6 The Differentiated Approach (Sector-by-Sector)

- Solar PV: Foreign producers are too far ahead. Let imports accelerate EU decarbonisation (don't try to recapture manufacturing)
- Wind: EU still leads. Protect and nurture through procurement reform, permitting acceleration, and export support
- Batteries: Strategic sector, cannot be fully dependent. Keep know-how in Europe through IPCEIs, gigafactory support, and recycling mandates
- Electrolysers & hydrogen: EU has innovative edge. Nurture as infant industry until globally competitive
- Heat pumps: Growing EU industry. Support through demand-side policies (building renovation mandates, subsidies)

Key Proposals

- **Not blanket protectionism**, differentiate between innovation abroad (welcome) and state-sponsored dumping (counter)
- **Streamline permitting**, the #1 bottleneck for clean energy deployment
- **Scale manufacturing through demand certainty**, long-term government contracts, auctions, mandates
- **Secure supply chains** for components and raw materials (links to CRM chapter)

Comment

The country that is winning this race, did so by being pragmatic. This means by diversifying. Meanwhile the EU has introduced Battery and SDG regulations that are a heavy obstacle and cost for the industry while Europe itself has barely any industry in this domain.

3.1.7 Automotive

The Problem

- The EU auto industry employs ~13 million people (direct + indirect) and represents ~7% of EU GDP
- The sector faces a triple disruption: electrification, digitalisation/software, and Chinese competition
- Chinese EVs are 20–30% cheaper than European equivalents, driven by battery cost advantages, vertical integration, and massive subsidies
- European automakers are caught in a cost squeeze, higher energy, higher labour, higher regulatory costs, while needing to invest massively in EV platforms and software
- The EU's 2035 ICE ban creates urgency but also vulnerability if the transition isn't managed

Key Proposals

- **Charging infrastructure:** Accelerate deployment across all Member States, the #1 consumer barrier to EV adoption
- **Battery value chain:** Secure European battery production (links to Clean Tech and CRM chapters)
- **Regulatory coherence:** Avoid piling contradictory mandates (emissions targets + CBAM + recycling rules + digital requirements) without coordination

- **Skills transition:** Retrain workers from ICE manufacturing to EV/software/battery roles, this is a **massive labour market challenge**
- **Trade defence:** Use anti-subsidy instruments against Chinese state-sponsored competition, but avoid triggering trade wars
- **Software and connectivity:** European automakers must close the software gap with Tesla and Chinese competitors

Comment

While the European industry clearly suffers from not being adaptive enough, it is correct that it is heavily fragmented. While the formation of large groups like Stellantis have partly remedied the situation, the design and manufacturing approach builds on the past which explains why the software integration has been lacking (VW's ID-3 had 300 software related issues/day when it first electric vehicle was introduced). Meanwhile, China has a different approach (vertical integration, manufacturing clusters and reuse of components coupled with high volume roll-outs). The European issues will not be addressed by even more regulations and market intervention (which was already catastrophic by the premature 2035 deadline for ICE-based cars).

3.2 Defence

The Problem

- EU collectively is the world's #2 military spender, but gets far less capability per euro than the US
- Extreme fragmentation: 12 types of battle tanks in Europe vs. 1 in the US; 29 types of destroyers/frigates vs. 4 in the US
- Collaborative procurement: less than 1/5 of equipment spending (2022)
- 78% of procurement goes to non-EU suppliers (primarily US)
- No common defence planning → duplication, incompatibility, waste

Key Proposals

- **Common defence planning** must come before common expenditure, agree on capability gaps and priorities first
- **Aggregate demand:** Substantially increase joint procurement between groups of Member States
- **Consolidate the industrial base:** Selective integration of EU defence companies to achieve scale, but preserve competition from innovative SMEs
- **Standardisation and interoperability:** Converge on common platforms and equipment standards
- **Increase EU defence R&D:** Current spending is a fraction of US levels
- **Reduce dependency on non-EU suppliers:** Redirect procurement spending toward European industry
- **Protect defence SMEs:** Many highly sophisticated small companies could make exceptional contributions if given access to larger programmes

Comment

This domain was identified by Schman2030 as the first candidate for the creation of a EU Federal Defense Council. It must operate by first defining a shared strategy followed by an optimisation of military and industrial resources. The same concerns we expressed for all other industries apply here as well.

3.2.1 Space

The Problem

- Europe's space sector is falling behind the US (SpaceX, Blue Origin) and China in launch capability, satellite constellations, and commercial space services
- ESA's budget is a fraction of NASA's; EU institutional demand for space services is fragmented
- Europe has no reusable launch vehicle, SpaceX's Falcon 9 has fundamentally changed the economics of space access
- The "juste-retour" principle (ESA contracts allocated by national contribution) prevents competition and efficiency

Key Proposals

- **Increase institutional demand:** The EU should become a major anchor customer for European launch services and satellite constellations
- **Reform ESA procurement:** Move away from juste-retour toward competitive selection
- **Support commercial space:** Create a regulatory and funding environment for European "New Space" companies
- **Sovereign access to space:** Ensure Europe can independently access space for defence, communications, and Earth observation
- **Invest in next-generation launchers:** Fund reusable rocket development to close the gap with SpaceX

Comment

While the EU is still very strong in terms of scientific space missions, it has been hampered by its restrictions such as the fragmented national funding and the ban on any military applications. Notable exceptions are Galileo and scientific observation satellites. The two other space leading nations have always benefitted from dual-use of space technology and suitable launch locations which drastically impacts on launch capabilities and cost.

3.2.2 Pharma

The Problem

- Europe was once the global leader in pharmaceutical R&D, it has now fallen behind the US
- The US captures ~60% of global pharma R&D spending; Europe's share has declined steadily
- European biotech startups struggle to scale, the same capital markets / venture capital gap as in tech
- Regulatory timelines: EMA approval is ~100 days slower than FDA on average
- Pricing and reimbursement: 27 different national systems create fragmentation and uncertainty for companies

Key Proposals

- **Harmonise clinical trial regulations:** Make Europe the easiest place in the world to run multi-country trials
- **Speed up EMA approvals:** Close the gap with FDA timelines

- **Create a single EU health data space:** Europe's diverse population and universal healthcare systems are a unique asset for real-world evidence and AI-driven drug discovery, but only if data can be shared
- **Venture capital for biotech:** Dedicated EU-level funding instruments for early-stage life sciences companies
- **Coordinate pricing and reimbursement:** Reduce the 27-system fragmentation that delays patient access and creates uncertainty for innovators
- **Incentivise manufacturing in Europe:** Ensure that drugs developed in Europe are also produced here

Comment

The root cause in this domain is not a lack of innovation or research but a lack of availability of investments that often result in take-over by US competitors.

3.2.3 Transport

The Problem

- EU transport infrastructure is **fragmented along national lines**, different rail gauges, signalling systems, air traffic management systems
- Cross-border rail is **slow, expensive, and unreliable** compared to flying or driving
- Road freight dominates despite being the most carbon-intensive mode
- Aviation: Europe's air traffic management is split across **~60 control centres** (vs. 1 system in the US), adding cost and delays
- Ports and logistics: Underinvestment in multimodal connections

Key Proposals

- **Complete the TEN-T network:** Accelerate investment in cross-border transport corridors
- **Single European Sky:** Finally implement unified air traffic management (decades overdue)
- **Rail interoperability:** Deploy ERTMS (European Rail Traffic Management System) across all major corridors; harmonise standards
- **Shift freight to rail and waterways:** Use pricing signals (road tolls, carbon pricing) and infrastructure investment
- **Sustainable aviation fuels (SAF):** Scale production and mandate uptake
- **Urban mobility:** Support electrification of urban transport, cycling infrastructure, and public transit

Comment

This is a clear domain that needs to be addressed as a supra-national competence domain. If Europe would be able to have a continent-wide high speed railway system (like e.g. China has been able to do), then it would be comparable to the establishment of the Schengen zone.

3.3 SECTION 2: HORIZONTAL POLICIES

3.3.1 Accelerating Innovation

The Problem

- EU public R&D spending is ~2% of GDP vs. the 3% target, and only **1/10 of public R&D** is spent at EU level

- Europe produces excellent research but **fails to commercialise** it, only 1/3 of university patents are commercially exploited
- Venture capital in Europe is **1/5 the size** of the US market
- Regulatory burden: more than half of SMEs cite it as their **greatest challenge**

Key Proposals

- **"Innovative European Company" statute:** Single EU-wide legal identity; access to harmonised legislation
- **Refocus EU R&D spending:** Fewer priorities, higher intensity, more disruptive innovation (less incremental)
- **DARPA-style EU agency:** A dedicated body for high-risk, high-reward breakthrough research
- **Reform the European Innovation Council (EIC):** Give it more resources and autonomy
- **University reform:** Incentivise commercialisation of research; create technology transfer offices at scale
- **Regulatory sandbox:** Allow innovative companies to test products in a lighter regulatory environment before full compliance

Comment

While the proposals go in the right direction, as the EU Framework programmes, funding is not a recipe for innovation. Innovation happens by innovative and creative people working in small dedicated teams. The regulation burden slows the rate of progress at several steps such as the establishment of the work programme, the submission of proposal, the start of the project and in the execution whereas the market often goes much faster. Reducing the cost and regulation burden in general can be a valuable alternative with a much higher ROI than EU-style funding. Public funding should be restricted to those high-risk forward-looking initiatives that cannot be financed with private investments alone.

3.3.2 Closing the Skills Gap

The Problem

- **Skills shortages** are reported by ~75% of EU companies, the #1 barrier to growth in many sectors
- The EU has **fewer STEM graduates per capita** than the US, China, or South Korea
- Adult learning participation is low and unevenly distributed
- The digital skills gap is widening, only 54% of Europeans have basic digital skills
- Migration of skilled workers: brain drain from Southern/Eastern Europe to Northern/Western Europe and to the US

Key Proposals

- **Data-driven skills mapping:** Use real-time labour market data to identify gaps and target training
- **Lifelong learning accounts:** Portable individual training budgets that follow workers across jobs and countries
- **Reform education systems:** More emphasis on STEM, entrepreneurship, and digital literacy from early stages
- **Attract global talent:** Streamline EU work permits; create a "EU Blue Card" that actually works

- **Reskilling for transitions:** Dedicated programmes for workers displaced by electrification (auto), digitalisation (manufacturing), and AI (services)
- **Exceed the US on education:** While matching the US on innovation, Europe should **surpass** it on providing learning opportunities for all

Comment

A highly educated and skilled population is indeed the main natural resource Europe has. We can only notice that the world-wide ranking has been on a sliding slope, whereby we should compare with the US but with China who has is leapfrogging not only economically but also in terms of education. Europe must recognise that education is also competitive and requires being constantly challenged. Rather than providing everyone a mediocre education, one must seek to achieve that everyone reaches its maximum potential.

3.3.3 Sustaining Investment

The Problem

- The EU needs **€750–800 billion/year** in additional investment
- Investment-to-GDP must rise to **1960s–70s levels**, more than double the Marshall Plan
- EU households save more than US households, but wealth has grown **only 1/3 as much** since 2009, savings aren't channelled into productive investment
- Capital markets remain **fragmented across 27 national systems**, no true Capital Markets Union
- Banking Union is incomplete, no common deposit insurance

Key Proposals

- **Capital Markets Union, finally:** Harmonise insolvency laws, securities regulation, and tax treatment of equity vs. debt across all Member States
- **Common safe asset:** EU-level debt issuance for breakthrough research, grids, and defence, not for general spending
- **Mobilise private savings:** Create pan-European pension products and retail investment platforms
- **European Investment Bank reform:** Expand EIB's mandate and risk appetite for breakthrough technologies
- **Blended finance:** Use public money to de-risk private investment in strategic sectors
- **Productivity-linked fiscal space:** If the strategy works and productivity rises, public financing costs drop by **1/3**

Comment

Risk investment in Europe has always been on a lower level, partly because of scaling issues and regulations, but also because the regulation culture creates a risk averse mindset. The proposal certainly helps to address the scaling issue. In the EU and most of the member states, consumer welfare has had priority but has been financed with public debt, which bought social rest, but has a negative ROI. The proposal comes down to more public spending, hence additional taxation, with the promise, actually the hope, that the public expenditures can then drop. Savings are high in Europe (although much lower than in China) because citizens feel insecure about the future and because they see constantly a rising cost of living while their income is increasingly taxed away.

3.3.4 Revamping Competition

The Problem

- EU competition policy was designed for a single-market, consumer-welfare paradigm, it doesn't account for global competition with state-backed Chinese champions or US tech giants
- Merger control is too restrictive, blocks European companies from reaching the scale needed to compete globally
- State aid rules are inconsistent, temporary relaxations during crises create uneven playing fields between rich and poor Member States

Key Proposals

- **Modernise merger assessment:** Consider global competition, not just intra-EU market shares; allow "European champions" where justified
- **Return to normal State aid rules:** End the post-COVID/energy crisis relaxation, but create a permanent framework for IPCEIs (Important Projects of Common European Interest)
- **Speed up antitrust enforcement:** Current cases take too long, by the time decisions are made, markets have moved on
- **Foreign subsidy regulation:** Strengthen enforcement against state-backed competitors operating in the EU market
- **Balance consumer welfare with industrial strategy:** Competition policy should serve Europe's broader strategic objectives, not just short-term consumer prices

Comment

In the proposals subsidies are still deemed necessary but what is the reason they exist at all? The real issue is that EU has always been weak in having a long-term strategic vision on multiple fronts. And one shouldn't blame other countries for no longer being competitive. As a result, the cost of being in business, which has financial, regulatory as well as other components, has gradually been rising which demotivates citizens as well as companies and made it harder to remain competitive.

3.3.5 Strengthening Governance

The Problem

- EU legislative process averages 19 months from proposal to adoption, too slow for a fast-moving world
- Decision-making rules haven't evolved despite enlargement (27 members) and a more hostile global environment
- Multiple veto players at every stage; unanimity requirements in key areas (tax, foreign policy, defence)
- Implementation gap: laws are passed but inconsistently transposed across Member States
- No mechanism to prioritise, the EU tries to regulate everything simultaneously

Key Proposals

Refocusing the Work of the EU

- **Prioritise ruthlessly:** The EU must do fewer things but do them well
- **Strategic agenda:** Align all EU institutions around a small number of critical priorities each legislative cycle

- **Sunset clauses:** Regulations should expire unless actively renewed, force regular review
- **"One in, one out" principle:** For every new regulation, remove an existing one of equivalent burden

Accelerating the Work of the EU

- **Fast-track legislative procedures** for strategic priorities
- **Reduce unanimity requirements:** Move to qualified majority voting in more policy areas
- **Empower the Commission** to act more quickly on trade defence, industrial policy, and emergency measures
- **Strengthen implementation:** Create enforcement mechanisms with real consequences for non-transposition

Simplifying Rules

- **Regulatory burden reduction:** Target a 25% reduction in reporting requirements
- **SME test:** All new legislation must be assessed for impact on small businesses
- **Harmonise implementation:** Reduce "gold-plating" (Member States adding extra requirements on top of EU rules)
- **Digital-first regulation:** Design rules for digital compliance from the start, not as an afterthought

Comment

This is perhaps one of the most important proposals to reduce the regulation burden. However, will it be enough? A 25% reduction seems shallow if it already represents 5% or more of the cost of running a company. Moreover, the regulation mentality has been spreading from the EU into the national member states. How can this be reversed? Important is to give back the initiative to the active agents in the market, rather than making cosmetic changes in the regulation overload.

3.4 Overall Assessment

The Draghi Report Part B is a wide-ranging document, essentially a sector-by-sector industrial strategy for the entire European economy. Its core logic can be summarised in one sentence:

Europe must act as one economy at continental scale, or it will be outcompeted by those who already do (US, China).

3.4.1 Strengths of the Report

- **Unparalleled diagnostic depth,** the data and analysis are rigorous and comprehensive
- **Pragmatic, not ideological,** acknowledges trade-offs (e.g., cheap Chinese solar vs. European industry)
- **Sector-specific differentiation,** avoids one-size-fits-all solutions
- **Honest about costs,** doesn't hide the €750–800 billion/year price tag

3.4.2 Weaknesses of the Report

- The analysis is at the macro-level, but so are the remedy proposals

- It fails to look into the root causes of the issues, overlooking the fact that institutions can provide guidance but that the actual execution is by the EU citizens.
- The proposals often feel like well-known corrections that should have been done already years ago.
- The proposals seem to spare the existing policy of deficit consumer and socially oriented public spending, but are weak in their long-term horizon.
- The proposals need a serious increase in public spending (and hence taxation), but ignores that much of the required funding can come from a more efficient use of the public means.
- Many of the identified issues also need a resolution at the level of the member states, who have often adopted similar misguided policies
- Finally, why took it decades before someone like Mario Draghi made such an analysis? Should this not be a continuous effort?

3.5 What the Report Does NOT Address (from a Schuman2030 Perspective)

The same structural gaps identified in Part A apply here with even greater force:

- **No subsidiarity audit.** Across 10 sectors and 5 horizontal policies, the report never asks: "Is the EU the right level for this action, or should it be returned to Member States?" Every recommendation adds EU-level coordination, spending, or regulation. The direction is **exclusively upward**.
- **No competence rebalancing.** There is no proposal to return any competence to Member States in exchange for deeper integration elsewhere. The implicit assumption is that **more EU = better outcomes** in every domain.
- **No democratic legitimacy mechanism.** The governance chapter focuses on speed and efficiency, not on accountability, citizen participation, or bottom-up input. The word "subsidiarity" appears only in passing.
- **No acknowledgment that EU regulation itself may be part of the problem.** The report notes that SMEs cite regulatory burden as their #1 challenge, but frames the solution as "better regulation" and "simplification", never as "the EU should regulate less in specific areas."
- **No grand bargain structure.** Sovereignty-minded Member States are asked to accept common debt, QMV expansion, and deeper integration across the board, but are offered **nothing in return** in terms of restored national autonomy in other areas.

This makes the Draghi Report a **powerful case for what the EU should do more of**, but it is completely silent on **what the EU should do less of**. It also highlights the EU issues at macro level, but also the remedies are defined at micro-level without analysing the deeper reasons why things don't work out as they should. That is precisely the space Schuman2030 occupies.

4 Impact of the Draghi report since September 2024

Since its release in late 2024, the **Draghi Report** has shifted from a theoretical "wake-up call" to the primary strategic manual for the European Union. As of early **2026**, the report's impact is visible in a massive overhaul of EU industrial policy, though its most radical financial proposal (common debt) remains a point of intense political friction.

Following is a breakdown of the impact and the specific proposals that have been followed. See also https://en.wikipedia.org/wiki/Draghi_report.

4.1 The "Competitiveness Compass" (Formal Adoption)

In January 2025, the European Commission formally adopted the **Competitiveness Compass**. This serves as the official roadmap to implement Draghi's vision.

- **The 90% Rule:** The Commission stated that 90% of its flagship initiatives for the 2024–2029 term are directly inspired by the Draghi report.
- **Status of Implementation:** By the one-year anniversary (September 2025), an independent audit (the "Draghi Observatory") found that while only about **11% of recommendations were fully implemented**, nearly 50% were in progress, showing a significant legislative mobilization.



4.1.1 Proposals That Were Followed

Several of Draghi's specific recommendations have been turned into active policy or legislation:

- **"EU Inc." (The 28th Regime):** A major Draghi proposal to simplify the Single Market. The EU has introduced a new corporate status that allows companies to register across the EU in **48 hours for less than €100**, bypassing 27 different sets of national rules. Unfortunately, once established the company still has to undergo the burden of national regulations.
- **Massive AI Investment:** Following Draghi's call to catch up in tech, the EU mobilized €200 billion for AI, including the creation of "**AI Gigafactories**" to provide the computing power needed for European startups.
- **The Clean Industrial Deal:** This replaced the older "Green Deal" focus. It shifts the emphasis from purely cutting emissions to helping industries (steel, chemicals, automotive) survive the transition through €100 billion in targeted subsidies and energy price relief.
- **Defense Integration (The SAFE Initiative):** Draghi urged Europe to stop buying 80% of its military gear from the US. In response, the EU launched the SAFE initiative, providing €150 billion to incentivize joint European defense procurement.

- **Regulatory "Cutting":** Draghi slammed EU "bureaucratic cages." The Commission has since committed to a 25% reduction in reporting requirements for all companies and 35% for SMEs.

4.1.2 Proposals That Stalled (The "Debt Deadlock")

The most significant impact of the report was the debate over how to pay for it. Draghi called for **€800 billion a year**, which led to a divide:

- **Common Debt (Eurobonds):** Draghi argued that only joint EU borrowing could fund this "Marshall Plan." While supported by France and Italy, this remains blocked by the "Frugal" nations (led by Germany and the Netherlands), who prefer using private capital.
- **The Savings and Investment Union:** Because common debt is stalled, the EU has pivoted to Draghi's other financial pillar: the Capital Markets Union (rebranded as the Savings and Investment Union). The goal is to make it easier for the €9000 billion in European household savings to be invested in European companies rather than flowing to Wall Street.

4.1.3 Cultural Shift: "The Draghi Doctrine"

Beyond specific laws, the report's biggest impact is a **cultural shift** in Brussels. The EU has moved away from being a "regulator first" and is now aiming to act more like a "strategic player."

- **Industrial Policy is back:** The EU is now actively "picking winners" in sectors like quantum computing and green hydrogen, a major departure from its traditional hands-off, pro-competition stance.
- **Urgency:** In early 2026, Mario Draghi was awarded the **Charlemagne Prize**, signaling that his report is now viewed as the "founding document" for the next phase of European integration.

Current Verdict: The EU has understood Draghi's **diagnosis** (the problem) and his **remedies** (the laws), but it is still struggling to agree on the remedies' **bill** (the funding). The question remains if the proposals reach far and deep enough to remedy the EU shortcomings and if they are the most adequate ones.

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