



EMICS

Analysis of “The future of European competitiveness” Report by Mario Draghi

Final Report

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1. Introduction

On September 9, 2024, Mario Draghi's report, *The Future of European Competitiveness*, was published, highlighting the critical challenges facing industries and businesses within the Single Market. The report's findings are poised to play a central role in shaping the European Commission's economic strategy, ensuring that competitiveness will be a cornerstone of policy decisions within the broader framework of sustainability, for the years to come.

On October 17, 2024, Hon. Silvio Schembri, Minister for the Economy, Enterprise, and Strategic Projects, officially launched the Malta Vision 2050 process, which is expected to deliver Malta's medium to long-term economic vision by the end of Q1 2025. Against this backdrop, as Malta navigates its own socioeconomic challenges, the Malta Council for Economic and Social Development (MCESD) is assuming an increasingly pivotal role.

Given the importance of aligning national initiatives with European objectives, MCESD recognized the need to provide its members with a comprehensive overview of the key findings of the Draghi report. Consequently, the *Future of European Competitiveness* report was selected by the MCESD Chairperson as a foundational entry point for discussions contributing to the Malta Vision 2050 process.

This choice was guided by two primary considerations. Firstly, long-term economic visions often risk being sidelined by more immediate and pressing issues. The Draghi report, however, offers actionable proposals to address Europe's productivity challenges and reinvigorate competitiveness, thereby tackling today's concerns while laying the groundwork for the future. Secondly, while Malta's unique characteristics as a small island state necessitate tailored interventions, it remains essential to align with the broader direction of the European Union. Whilst keeping in mind Malta's very specific challenges, Malta cannot afford to operate in isolation from the evolving European landscape.

To support this effort, given its expertise and knowledge, EMCS Advisory Limited was entrusted with conducting an in-depth analysis of the Draghi report. The analysis was specifically designed to identify the report's key proposals, assess their relevance to Malta, and evaluate their potential impact on the country in the years to come. EMCS employed a tailored methodology to ensure the analysis aligned Malta's national dialogue with European objectives, enabling the country to position itself effectively and respond to emerging challenges and opportunities whilst at the same time proactively contribute towards the country's medium to long-term vision.

2. Key Points from the Draghi Report

2.1 Current state of affairs

Europe is facing a world of rapid and dramatic changes – with a slowdown in world trade, geopolitical instability and falling behind its international peers, Europe faces an incredibly difficult situation where it risks falling into international irrelevance. Slower productivity growth, the loss of Russia as a key energy supplier, demographic challenges and many other issues, Europe faces many issues for which it must now take decisive action to steer itself into the right path.

The Draghi Report serves as a roadmap for the European Commission to tackle many of the European economy's challenges which has left the economy lacking behind on many fronts when compared to its international peers, such as the USA and China. The Report identifies several key challenges, such as Europe's innovation gap – particularly in the digital and clean technology sectors; a fragmented single market; external dependencies; slower productivity growth; and a shrinking workforce. All of these challenges hinder European competitiveness.

2.2 Horizontal policies

To tackle this issue, the Report proposes five different horizontal policies which all aim to increase the general competitiveness and productivity of the European economy and are also of high relevance to the Maltese economy.

1. Accelerating innovation.
2. Closing the skills gap.
3. Sustaining investment.
4. Revamping competition.
5. Strengthening governance.

Accelerating innovation is presented as a key driver for economic growth and competitiveness, with the report emphasising the need to increase investment in research and development (R&D) and to foster collaboration between the public and private sectors. This involves not only increasing funding for existing R&D programs, but also creating new initiatives that encourage partnerships and

knowledge sharing. The report also stresses the importance of promoting sustainable innovation and supporting small and medium-sized enterprises (SMEs), as they are often at the forefront of innovation.

To complement innovation efforts, the report identifies the importance of closing the skills gap. This involves increasing investment in education and training programs to ensure that the workforce is equipped with the necessary skills for the future. This includes boosting funding for existing programs and creating new initiatives to promote lifelong learning through vocational training, apprenticeships, and other practical forms of education. The report also emphasises the need for collaboration between member states to share knowledge and resources.

Sustaining investment is another critical horizontal policy, focusing on maintaining and enhancing investment levels to support economic growth. This involves increasing public investment in critical infrastructure, such as transportation, energy, and digital networks, while providing financial incentives for private investments. The report also highlights the need to create a favourable regulatory environment, simplify administrative procedures, and develop financial markets to ensure businesses have the funding they need to invest in growth and innovation. Sustainable investment is also a priority, to promote environmentally friendly technologies and practices.

Strengthening governance is also crucial to ensure that the EU can act more effectively and efficiently. The report notes that the EU's complex governance system can hinder its ability to compete with nations like the US and China. This involves refocusing EU efforts on areas where it can provide the greatest added value, while ensuring thorough implementation and enforcement at all levels. It also involves accelerating EU action in priority areas, such as through enhanced cooperation between member states. Simplifying rules and regulations to reduce administrative burdens is also emphasised.

Finally, revamping competition is seen as essential for fostering innovation and economic growth. This involves strengthening antitrust enforcement, enhancing the regulatory framework, and promoting digital transformation. The report also emphasizes investing in a skilled workforce, fostering collaboration, prioritizing sustainability, and supporting SMEs to ensure they can compete and contribute to economic growth. The goal is to create a dynamic and competitive market environment where businesses can thrive.

These horizontal policies are interconnected, working together to create a cohesive strategy to enhance the EU's competitiveness. The report notes that accelerating innovation and closing the skills gap are closely linked, with investment being key for both, and that strengthening governance is essential for the successful implementation of these policies. These policies aim to revamp competition and productivity within the EU, aligning national policies with EU objectives, promoting faster decision-making, and maintaining a dynamic and competitive European market. All of these horizontal policies fit into the different economic sectors which the Report tackles, with the overall aim of creating a more dynamic and competitive European market and economy. To achieve this, the policies all interconnect with one-another, each of them supporting and reinforcing each other, as can be shown in the figure below named horizontal policies and linkages.

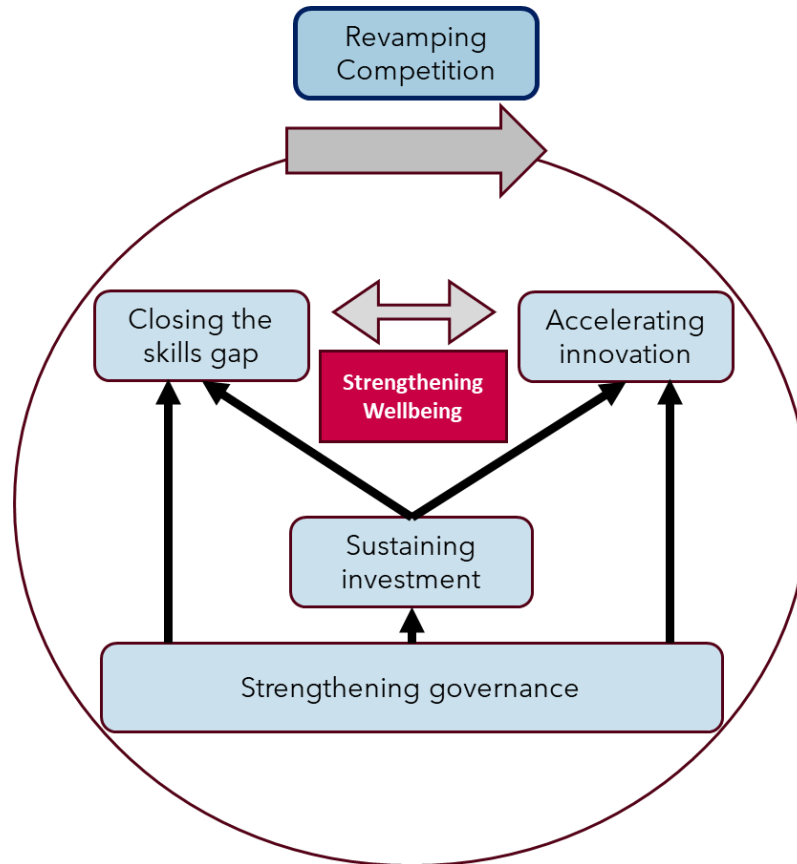


FIGURE 1 HORIZONTAL POLICIES AND LINKAGES

2.3 Sectoral policies

In the Draghi Report, a number of EU-level strategies are proposed for each sector, which aims to increase European competitiveness across the board. The key point from each can be found below:

Energy: Diversification of reliable energy suppliers; reducing reliance on spot-linked sourcing and limiting speculative behaviours; invest in domestic and cross-border infrastructure; enhance energy efficiency; increase the share of renewable energy sources; and support safe and efficient nuclear technology and research.

High-speed/capacity broadband networks: Reform EU regulation and policies to complete the Digital Single Market, promoting cross-border mergers and operations; coordinate and harmonise spectrum licensing; incentivise infrastructure deployment; harmonise cybersecurity and legal intercept architecture to enhance cooperation; introduce passporting for B2B services; and coordinate technical standards.

Computing and AI: Investment in R&D; develop skills to build a skilled workforce for the sector; establish clear ethical guidelines for AI development and deployment; and create a supportive regulatory environment, encouraging AI adoption while mitigating risks.

Semiconductors: Launch an EU Semiconductor Strategy; support the consolidation and leadership in manufacturing equipment; develop expertise in advanced electronics and semiconductor to develop skills; invest in R&D; and foster international strategic partnerships.

Transport: Invest in modern and sustainable transport infrastructure; implement a regulatory framework that encourages adoption cleaner and more efficient vehicles and technologies; support R&I; and collaborate with international partners to promote sustainable transportation and harmonise regulations.

Pharma: Enhance R&D investment; bridge the investment gap by encouraging larger private equity investments; support the development and manufacturing of biologicals; address funding disparities by creating more high-risk funding opportunities; and ensure the resilience of the supply chain.

Clean technologies: Invest in R&D; offer financial incentives to encourage the adoption of clean technologies; implement a regulatory framework which promotes the use of clean technologies and sets targets for emissions reduction; and collaborate with international partners to share knowledge and best practices.

Energy-intensive industries: Increase policy coordination impacting EIs; simplify and accelerate the permitting process for decarbonisation projects; provide financial support for decarbonisation initiatives; promote demand for green products; and enhance the circularity of raw materials.

Automotive: Invest in R&D including for infrastructure; implement a regulatory framework which encourages the adoption of EVs and sets ambitious emissions reduction targets; invest in the development of infrastructure for EVs; and support the development of skills for automotive workers to adapt to the changing technological landscape.

Space: Continue implementing the EU Space Programme including its key investments; support innovation and entrepreneurship; and strengthen international cooperation in the space sector including space debris mitigation and responsible space exploration.

Critical raw materials: Implement the Critical Raw Materials Act to diversify supply chains, promote circularity and strengthen domestic sourcing and processing capacity; establish strategic partnerships with countries rich in CRMs; promote sustainable sourcing practices; and foster innovation and recycling.

Defence: Implement the European Defence Fund to fund collaborative R&D projects; encourage the participation of Member States in the Permanent Structured Cooperation; strengthen the European defence industrial and technological base through joint procurement and technology transfer; and enhance civilian-military synergies.

3. Implications on the Maltese Economy

Malta’s economy has experienced very strong GDP growth over the past years, however it still lags behind the EU in GDP per capita. The Maltese economy is also characterised by low inflation and unemployment, a skills mismatch within the workforce, lower productivity than the EU, as well as an increase in trade with non-EU partners.

Across the different sectors, the strategies generally aim to enhance Malta’s competitiveness along with the EU - by promoting innovation, attracting and incentivising investment, creating high-value jobs and supporting a sustainable and digitally advanced economy. The harmonisation of EU regulations, streamlining of processes and access to EU funding should create an even more favourable business environment, further stimulating economic growth. With that being said, there are still certain EU-level strategies that may have a negative effect on Malta, however these are vastly in the minority.

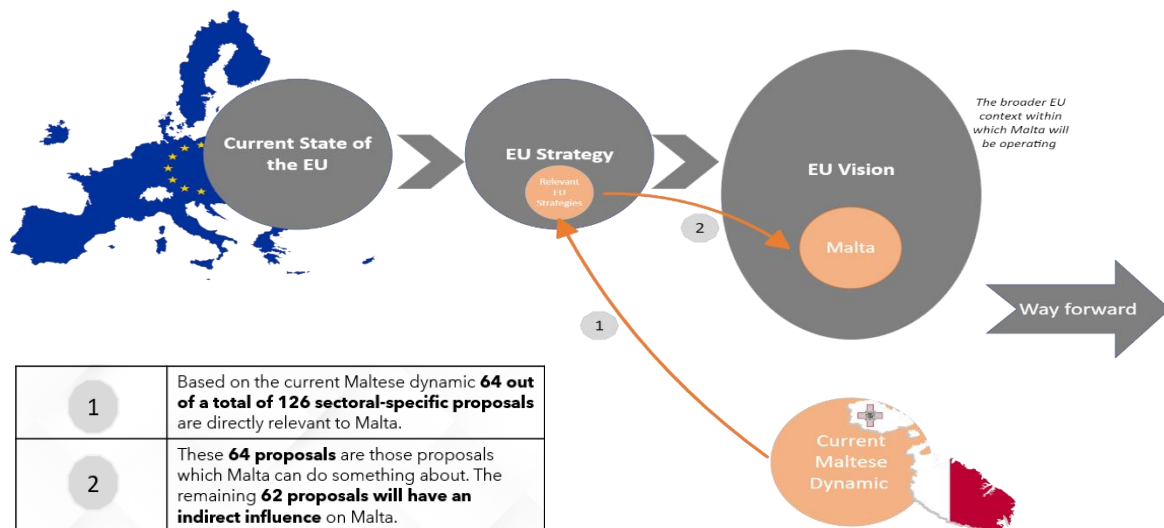
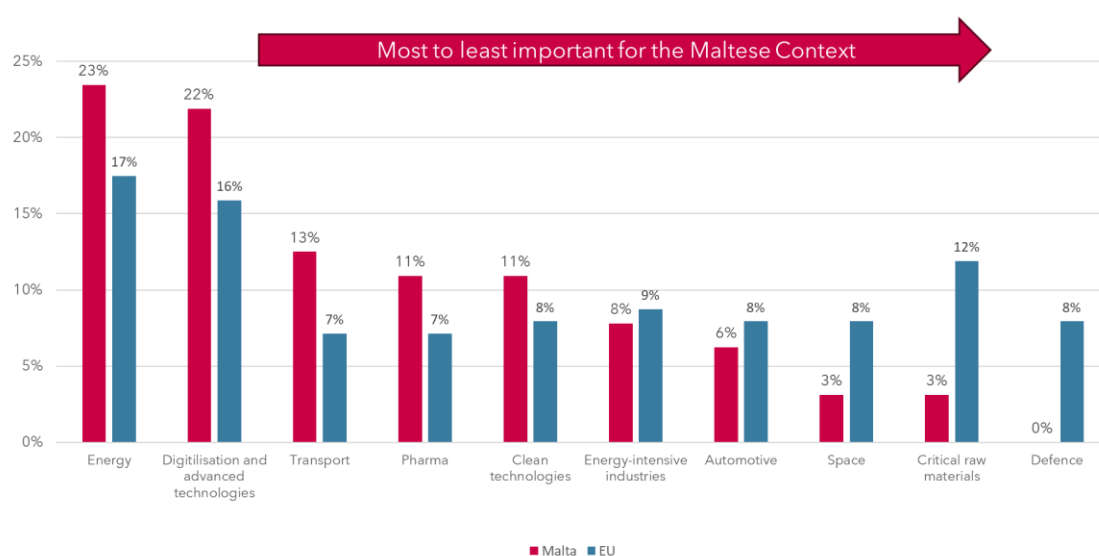


FIGURE 2 STRUCTURE OF THE REPORT AND ITS LINK WITH THE MALTESE ECONOMY

The current state of the EU has had a direct impact on the Report, which will dictate what the EU’s strategy should be and what vision this strategy should work towards. Naturally, not everything which is directly relevant to the EU is the same for Malta - and considering the current Maltese dynamic, 64 out of 126 sectoral-specific proposals are directly relevant to the country.



Malta can fully or partially adopt 64 proposals, whereas the remaining 62 proposals will have an indirect influence on Malta, impacting the EU's vision and the broader context within which Malta will be operating.

FIGURE 3 RANKING OF THE SECTORS IN THE DRAGHI REPORT FROM MOST TO LEAST IMPORTANT FOR THE MALTESE ECONOMY

The sections below explain how the proposals set out in the Draghi report will impact Malta, both directly and indirectly.

Note: that the focus here is only on the 10 sectors identified by Draghi and gaps for the Maltese economy are explained in the subsequent chapter.

3.1 Energy

Energy stability is a cornerstone of economic prosperity for Malta. As a small island nation, Malta's economy relies heavily on the stability and efficiency of its energy supply. For businesses, a stable energy environment translates into predictable operational costs and uninterrupted production, which is crucial for maintaining competitiveness in both local and international markets. The

government, on the other hand, stands to gain significantly by reducing the financial burden of energy subsidies. As energy prices become more stable and reflective of actual sourcing conditions, the need for extensive subsidies diminishes, freeing up public funds for other critical areas of development.

In the short term, transitioning towards decarbonisation and the integration of green gases such as hydrogen (H₂) necessitates substantial investment. These investments are essential for upgrading infrastructure, enhancing grid capacity, and incorporating renewable energy sources. While the initial costs are considerable, the long-term benefits far outweigh these expenditures. Over time, Malta will benefit from reduced energy costs, which will bolster economic growth and increase the standard of living for its citizens.

However, the harmonization of price reliefs across the European Union could pose challenges for Malta. Uniform price regulations and the strategic use of taxation measures to lower energy costs are intended to create a level playing field within the Single Market. While these measures promote fairness and competition, they also limit the Maltese government's flexibility in providing subsidies tailored to local needs. This constraint could hinder Malta's ability to shield its population from sudden energy price fluctuations, thereby impacting the overall economic stability.

Significant investment in Malta's energy grid is imperative to accommodate the increasing demand for electricity and to support the integration of renewable energy sources. The proposals put forward emphasize the importance of network upgrades and the development of flexibility infrastructures. These upgrades are vital for preventing bottlenecks and ensuring a robust and resilient energy supply. By fostering innovation and investing in grid infrastructure, Malta can enhance its energy security and create a more sustainable economic future.

Encouraging self-generation of energy among industrial users and promoting carbon capture, utilization, and storage (CCUS) technologies are also crucial steps in Malta's energy strategy. These measures not only contribute to reducing greenhouse gas emissions but also enhance the overall efficiency and cost-effectiveness of the energy system. By reinforcing system integration, storage, and demand flexibility, Malta can maintain competitive energy costs while accelerating the uptake of renewables.

In conclusion, while the path to achieving energy stability and sustainability requires significant investment and strategic planning, the long-term benefits for Malta are substantial. Reduced dependency on external energy sources, lower operational costs for businesses, and decreased government subsidies will collectively strengthen the Maltese economy. The challenge lies in balancing the need for harmonized price reliefs within the Single Market with the unique needs of Malta's energy sector. By prioritizing grid upgrades, fostering innovation, and promoting self-generation and CCUS technologies, Malta can secure a stable and sustainable energy future that supports economic growth and development.

Positive impacts: More stable energy environment; reduced energy costs; enhanced energy security by relying less on external energy sources; grid modernisation which enhances energy security and integrates renewable energy; and creating new job opportunities by fostering innovation.

Negative impacts: Harmonised price reliefs may limit Malta's flexibility in providing targeted subsidies, potentially impacting the management of energy price fluctuations.

BOX 3.1 ENERGY - POSITIVE AND NEGATIVE IMPACTS

3.2 High-speed/capacity broadband networks

Malta's reliance on the digital sector is pivotal, given that the Information and Communication Technology (ICT) sector generates a higher percentage of the national economy compared to the EU average. The implementation of the proposed strategies from the Draghi report is crucial for Malta's economic landscape, especially as the country strives to transition towards higher value-added sectors.

Firstly, the reform of the EU's regulation and competition stance to complete the Digital Single Market for telecommunications will harmonise rules and favour cross-border mergers and operations. This policy will enhance the efficiency and competitiveness of Maltese telecommunications companies, allowing them to expand their operations seamlessly across EU borders. This increased market access can drive significant economic growth and attract foreign investment, further bolstering the ICT sector.

The harmonisation of EU-wide spectrum licensing, including for satellite connectivity, and the design of EU-wide auctions with longer durations and fewer restrictions, is another policy that stands to benefit Malta significantly. Although it may seem less immediately relevant, the policy's long-term impact could be substantial. Malta can leverage its expertise in licensing, a practice already well-established in the aviation and maritime sectors, to become a key player in the spectrum licensing arena. This can open new revenue streams and position Malta as a strategic hub for satellite connectivity within the EU.

Simplification and harmonisation of cybersecurity and Lawful Interception regulation, alongside improved cooperation among EU cybersecurity agencies, will enhance Malta's cybersecurity infrastructure. This is critical for fostering a secure digital environment, which is essential for maintaining investor confidence and ensuring the safe operation of digital services. Enhanced cybersecurity measures will mitigate risks, safeguarding the economic contributions of the ICT sector.

Incentivising the deployment of new infrastructure by defining cut-off dates for older technologies will ensure that Malta remains at the forefront of technological advancements. Investing in cutting-edge infrastructure will attract high-tech industries and support the development of innovative services, driving economic diversification and resilience.

The introduction of 'passporting' of B2B services, enabling operators in one Member State to offer services EU-wide, will facilitate the expansion of Maltese businesses across Europe. This policy will reduce regulatory barriers and operational costs, enabling Maltese ICT companies to scale their services more efficiently and tap into larger markets.

Conversely, the policy to strengthen EU-based telecom equipment and software providers poses a challenge for Malta, as it could increase the cost of acquiring necessary infrastructure. This policy, while aimed at reducing dependency on non-EU providers, could strain Malta's resources. However, careful strategic planning and collaboration with EU partners can mitigate these impacts.

In conclusion, the proposed strategies from the Draghi report present a mixed yet largely positive outlook for the Maltese economy. By embracing these policies, Malta can enhance its digital infrastructure, improve market access, and secure its position as a leader in the ICT sector within the EU, driving long-term economic growth and resilience.

Positive impacts: Enhanced competitiveness through the harmonisation of regulations and cross-border operations; local expertise in licensing can create new revenue streams in spectrum licensing; improved cybersecurity; technological advancement through incentivising new infrastructure deployment; and B2B passporting facilitates the expansion of local ICT companies across the EU.

Negative impacts: By supporting EU-based telecom equipment and software providers, infrastructure costs could increase for Malta.

BOX 3.2 HIGH-SPEED/CAPACITY BROADBAND NETWORKS – POSITIVE AND NEGATIVE IMPACTS

3.3 Computing and AI

The integration of AI and computing technologies focused on human needs is essential for improving quality of life. The EU should prioritize initiatives that emphasize personalized healthcare, smart cities, autonomous transportation, and intelligent virtual assistants. By designing these technologies with users' needs and aspirations in mind, the EU can foster an environment where technology harmonizes with human values. Public engagement and participation in developing and deploying AI technologies will ensure alignment with societal goals and effectively address real-world problems.

In summary, the EU must adopt a comprehensive and integrated approach to realize its vision for the computing and AI sector. By enhancing AI capabilities, democratizing access, ensuring ethical use, prioritizing sustainability, fostering collaboration, advancing interdisciplinary research, and focusing on human-centric integration, the EU can drive transformative change. This strategy promises a future where the benefits of computing and AI are accessible to all, contributing to societal progress, economic development, and global well-being.

How does this translate into the Maltese economy? Computing and AI are crucial for Malta on two fronts. Firstly, they create high-value-added jobs. These sectors offer significant employment opportunities that require advanced skills and provide better remuneration and career prospects. This transformation can position Malta competitively within the global tech industry, reducing brain drain and attracting talent to the island. By investing in AI and computing, Malta can develop a robust workforce capable of handling sophisticated technological challenges, thus fuelling sustained economic growth.

Secondly, the benefit to SMEs in addressing labour market issues is paramount. Currently, many businesses in Malta struggle to hire the required personnel due to a mismatch in skills and job requirements. AI and computing technologies can alleviate this issue by automating routine tasks, allowing businesses to operate more efficiently despite a limited workforce. Furthermore, these

technologies can provide SMEs with innovative tools to enhance productivity, optimize operations, and develop new business models. This significantly reduces reliance on a large number of employees and helps address labour shortages in various sectors.

For this digital transformation to be successful, it is vital that Maltese technologies and skills align with the broader European context. Developing a completely self-sufficient AI and computing ecosystem is unlikely without sufficient funds. Therefore, leveraging technologies and improvements made at the European level is imperative. Collaborating with EU counterparts and participating in EU-wide initiatives will enable Malta to benefit from cutting-edge advancements and best practices. Adopting EU policies, such as increasing computational capacity, identifying priority AI applications, and leveraging GDPR harmonization, will keep Malta competitive and innovative.

Additionally, defining a single EU-wide policy for public administrations' cloud services and sensitive data security policies will ensure that Malta's digital infrastructure is robust and secure. Adopting a Single Market 'passporting' regime for all EU-provided cloud services will facilitate seamless operations and collaborations within the EU, offering Maltese businesses greater access to resources and markets. Ultimately, by aligning with the EU's strategic direction in computing and AI, Malta can create an environment conducive to technological growth and economic resilience, ensuring the benefits of these advancements are felt throughout the entire economy.

Positive impacts: Creation of high-value jobs and attracting skilled individuals; AI can help SMEs address labour market issues and enhance productivity; and Malta can benefit from advancements and best practices by aligning with EU initiatives.

Challenges: Developing a self-sufficient AI and computing ecosystem is costly.

BOX 3.3 COMPUTING AND AI - POSITIVE IMPACTS AND CHALLENGES

3.4 Semiconductors

Integrating sustainability into the core operations of the semiconductor sector is paramount. The strategy involves adopting environmentally friendly manufacturing practices and enhancing energy efficiency. This includes utilizing renewable energy sources in fabrication facilities, reducing waste, and implementing principles of the circular economy. Regulatory pressures and increased consumer awareness drive this shift towards sustainability. Companies should establish ambitious environmental targets and consistently monitor their progress. Collaborating with environmental organizations and participating in industry-wide sustainability initiatives can further enhance the sector's commitment to environmental conservation, ensuring compliance with regulatory requirements and meeting consumer expectations.

Expanding the capabilities of semiconductors in emerging fields such as quantum computing, advanced materials, and neuromorphic engineering is essential for driving the next wave of technological advancements. This necessitates substantial investments in research and development



(R&D) to explore these frontiers. Establishing dedicated R&D centres and fostering partnerships with leading academic institutions can accelerate innovation in these areas. Encouraging a culture of experimentation and risk-taking within R&D teams can lead to the development of revolutionary technologies that address complex problems and create new opportunities. By maintaining a competitive edge through continuous innovation, the semiconductor sector can sustain its leadership position.

Furthermore, fostering strategic collaboration across the industry is crucial. This involves forming alliances and partnerships with other technology sectors, government agencies, and international organizations. Collaborative efforts can drive standardization, share best practices, and facilitate the exchange of knowledge and expertise. Engaging in public-private partnerships can leverage governmental support for research funding, infrastructure development, and regulatory alignment. By working together, the industry can address common challenges and achieve collective goals, ensuring the sustainable growth and advancement of the semiconductor sector.

By implementing this comprehensive strategy, we can bridge the gap between the current state of the semiconductor sector and the ambitious vision for its future. Through focused efforts on advancing technology, fostering innovation, ensuring resilience, prioritizing sustainability, exploring new frontiers, and fostering collaboration, the industry will continue to drive progress and innovation across various fields. The key to success lies in the industry's ability to adapt and innovate, ensuring that the semiconductor sector remains a cornerstone of modern technology.

In the context of the Maltese economy, three of the six strategies proposed in the Draghi report are particularly relevant. Implementing these policies will significantly benefit the Maltese economy, particularly given the high value-added per gross floor area generated by the semiconductor industry compared to other manufacturing sectors. By focusing on innovative and high-tech manufacturing practices, Malta can maximize economic output from a relatively small physical footprint. This is crucial for an island nation with limited land resources but a strong desire to boost its economic productivity.

Moreover, the proposed policies will help create higher-end jobs within Malta, attracting skilled workers and professionals to the country. This will not only increase employment rates but also elevate the overall standard of living by providing well-paying, stable careers in a cutting-edge industry. Additionally, by fostering an environment conducive to R&D and innovation, Malta can attract leading academics and students, contributing to a vibrant knowledge economy. This influx of talent will enhance the nation's expertise in the semiconductor sector and support continuous advancement in this vital area of manufacturing.

At the European Union level, there is a concerted push for more development and innovation within the semiconductor industry. Although Malta may not directly influence these broader EU policies, it is imperative for the country to stay aligned with EU standards and initiatives. By doing so, Malta can remain competitive in the global market, ensuring that its semiconductor sector benefits from the collective efforts and advancements within the EU. This alignment will enable Malta to participate fully in EU-funded projects and collaborations, further bolstering its position in the industry.

In conclusion, the integration of these strategies will not only drive Malta's economic growth but also position it as a key player in the global semiconductor market. Through innovation, high-value manufacturing, and strategic alignment with EU policies, Malta can ensure a sustainable and prosperous future for its semiconductor sector.

Positive impacts: Semiconductor manufacturing creates high value jobs and maximises economic output per square metre; attracting and developing a skilled workforce; and fostering R&D and innovation contributes to knowledge growth.

Challenges: Limited direct influence on EU-level policies, requiring alignment with EU standards and initiatives to remain competitive.

BOX 3.4 SEMICONDUCTORS - POSITIVE IMPACTS AND CHALLENGES

3.5 Transport

The transport sector in Malta holds significant potential for the economy, yet it also presents substantial challenges that need to be addressed to unlock its full benefits. Among the nine strategies proposed in the Draghi report, the eight policies that Malta can implement provide a comprehensive framework to enhance the sector's efficiency, sustainability, and overall contribution to the economy.

Malta's economy stands to gain considerably from improved infrastructure planning with a focus on competitiveness. The evolution towards fully multimodal transport will ensure seamless connectivity across various segments, including air services and road. This approach will not only enhance the movement of goods and people but also stimulate economic activities by reducing bottlenecks and improving accessibility.

A significant issue facing Malta is persistent traffic congestion, which has a direct negative impact on the economy through lost time and reduced productivity. Time spent in traffic translates to hours of potential work lost, resulting in considerable economic costs. By removing barriers to integration and interoperability across all transport segments, Malta can address these issues, leading to more efficient traffic management and smoother transit operations.

Accelerating digitalisation is another critical strategy for enhancing Malta's transport sector. Developing and enforcing incentives and standards for digitalisation will streamline operations and improve data management, facilitating better decision-making and resource allocation. Technological advancements can also play a pivotal role in addressing traffic issues, optimizing routes, and reducing congestion.

The launch of dedicated EU innovation projects through public-private partnerships and cross-border cooperation is essential for tackling decarbonisation and automation challenges. Such initiatives can position Malta as a leader in sustainable transport solutions, attracting investments and generating employment opportunities. Additionally, schemes to de-risk and finance decarbonisation solutions in

hard-to-abate segments will be crucial for Malta to meet its environmental targets while maintaining economic growth.

Leveraging public procurement, foreign direct investment screening, and an EU export credit facility will support Maltese companies in competing internationally. Establishing international partnerships and developing strategic infrastructure will enhance global integration, including in climate policy and resilience. This global perspective is vital for Malta, given its strategic location and reliance on international trade.

In conclusion, the transport sector is a vital component of Malta's economy, with the potential to drive significant economic growth and development. Addressing challenges, particularly traffic congestion, is essential to realizing this potential. By implementing the proposed strategies, Malta can transform its transport sector into a more efficient, sustainable, and economically beneficial system, thereby improving the quality of life for its citizens and positioning Malta as a competitive player in the global market.

Positive impacts: Improved and more efficient infrastructure and transport will boost economic activity; reduced traffic congestion; promote sustainable transport; innovation projects and investments in clean technologies creates new job opportunities; enhanced global integration to foster international partnerships; and aligning job profiles with the green and digital transitions creates a more adaptable workforce.

Challenges: Persistent traffic congestion continues to negatively impact the economy.

BOX 3.5 TRANSPORT - POSITIVE IMPACTS AND CHALLENGES

3.6 Pharma

The pharmaceutical sector is critical to the Maltese economy, contributing significantly through both direct economic output and indirect benefits. The implementation of the proposed strategies from the Draghi report can have extensive implications for Malta. Notably, the maximisation of the EU Health Data Space involves facilitating access to and the sharing of electronic health records, leveraging the DARWIN EU® network, and expanding genome sequencing capacities. This will enhance Malta's capabilities in health data management and genomics, thereby attracting investment and expertise in these advanced areas.

Streamlining the establishment and management of multi-country trials in the EU will render Malta a more attractive destination for clinical research and development. This initiative aligns with Malta's ongoing efforts to position itself as a hub for pharmaceutical research, supported by the country's well-regarded pharmaceutical university course. This course is known for producing graduates who are well-equipped to advance the industry, ensuring a consistent influx of skilled professionals.

Guidance on the use of AI throughout the lifecycle of medicines is another strategy that Malta can leverage to strengthen its pharmaceutical sector. By incorporating AI, Malta can drive innovation in

drug development and patient care, positioning itself at the forefront of technological advancements in the pharmaceutical industry. The prompt and comprehensive implementation of the HTA regulation, with appropriate resource allocation for joint clinical assessments, will further enhance Malta's regulatory framework, fostering a more predictable and supportive environment for pharmaceutical companies.

Enhancing business predictability through continuous, evidence-based dialogue with stakeholders is crucial. Such an approach will support EU policymaking on protection mechanisms for novel medicines, providing a stable and attractive environment for pharmaceutical innovation. Increasing public R&D investment to support world-class innovation hubs in life sciences, particularly in advanced therapy medicinal products (ATMPs), will cultivate a robust ecosystem for pharmaceutical research and development.

Additionally, mobilising private R&D investment and strengthening the supporting environment is essential. The high output per square metre of Malta's pharmaceutical sector is particularly noteworthy given the country's limited land area. This efficiency highlights the sector's ability to generate substantial economic value within a small geographical footprint, making it an ideal industry for Malta to nurture and expand.

The university's focus on diversifying its offerings is vital to maintaining Malta's competitive edge in the pharmaceutical sector. By broadening the scope of research and education, Malta can ensure adaptability and resilience in response to evolving global trends. This diversification will also attract a wider range of students and researchers, further enriching Malta's academic and industrial landscape.

In summary, the pharmaceutical sector holds significant potential for Malta's economy. The execution of the Draghi report's strategies will enhance Malta's capabilities in health data management, clinical research, AI integration, regulatory excellence, and R&D investment. Coupled with the high output per square metre and the esteemed pharmaceutical university course, this positions Malta as a thriving centre for pharmaceutical innovation. The continuous diversification of university offerings will ensure that Malta remains at the forefront of global pharmaceutical advancements, driving economic growth and development.

Positive impacts: Enhancing Malta's capabilities in health data management and genomics; make Malta a more attractive clinical research hub; guidance on AI drives innovation in drug development and patient care; HTA regulation enhances Malta's regulatory framework for pharmaceuticals; increased R&D boosts innovation and attracts expertise.

Challenges: Continuous diversification of university offerings is necessary to remain competitive in the pharma sector.

BOX 3.6 PHARMA - POSITIVE IMPACTS AND CHALLENGES

3.7 Clean technologies

The clean technologies sector is vital for Malta, aligning with the global transition towards sustainable and innovative economic practices. In light of increasing environmental concerns and the urgency of climate change, Malta's adoption of clean technologies is not only essential but also a strategic initiative for ensuring long-term economic resilience.

From the nine strategies outlined in the Draghi report, Malta can effectively implement seven policies that significantly benefit its clean technologies sector. These policies are designed to enhance local production, attract investment, and foster technological innovation, thereby positioning Malta as a competitive entity within the European market.

Firstly, establishing a minimum quota for locally produced innovative and sustainable products in public procurement and Contract for Difference auctions can stimulate local manufacturing. This policy ensures necessary market support for locally developed clean technologies, promoting innovation and sustainability within the Maltese economy.

Furthermore, enhancing other forms of offtake for locally produced technologies through requirements and incentives in EU and EIB financing schemes, alongside national support schemes, can increase the demand for Maltese clean tech solutions. This approach supports local businesses and integrates Malta more effectively into the EU's clean technology supply chain.

Mobilising private and public financing for clean tech solutions is another critical strategy. By streamlining access to EU public funding, raising resource levels, and extending support to operational expenditures (OPEX), Malta can attract significant investments. Reinforcing dedicated financing schemes to draw private capital and introducing growth equity instruments are crucial measures to establish a robust financial foundation for clean tech enterprises.

Additionally, developing and enforcing a unified model of sustainable and innovative technology certification can standardise and elevate the quality of Maltese clean technologies, enhancing their competitiveness in the international market. Optimising foreign direct investment while safeguarding EU know-how through knowledge transfer clauses and intellectual property rights will secure Malta's technological advancements.

Pooling a skilled workforce through mutual recognition of skills across the EU and facilitating work permits to attract talent is essential. Ensuring Malta has access to top professionals in the industry will drive innovation and growth. Finally, reinforcing EU-level coordination with industry and research centres is crucial for supply chain monitoring, standard definition, and coordination of R&D efforts.

Despite the promising potential for growth, the full and accelerated implementation of the Net Zero Industry Act (NZIA) could adversely affect the Maltese economy. The NZIA, an extensive EU policy aiming to achieve net-zero emissions, imposes stringent targets and rapid timelines that could strain Malta's economic resources and infrastructure.

For a small island economy like Malta, the swift alignment with NZIA standards may result in considerable financial and operational burdens. Immediate requirements to upgrade infrastructure, adopt new technologies, and comply with stringent environmental regulations could necessitate substantial public and private investments. This rapid transformation might divert resources from other critical areas, potentially destabilizing the broader economy.

Moreover, the accelerated implementation schedule could overwhelm local industries and workforce capabilities. The need for rapid upskilling and technological adaptation may exceed the current capacity of Malta's educational and vocational training systems, resulting in a skills gap.

In conclusion, while the clean technologies industry presents substantial opportunities for Malta, careful consideration and phased implementation of policies, including the NZIA, are paramount to ensuring sustainable economic growth without overburdening the economy. Strategic planning and balanced investment are key to fully harnessing the potential of clean technologies for Malta's future prosperity.

Positive impacts: Offers opportunities for economic growth and job creation; policies supporting local production stimulates innovation and manufacturing locally; attracting investment through financial incentives and support schemes; driving technological innovation through EU initiatives and fostering R&D; and initiatives aimed at attracting and developing a skilled workforce in this sector would benefit Malta.

Negative impacts: The full and accelerated implementation of the NZIA could strain local resources and infrastructure.

BOX 3.7 CLEAN TECHNOLOGIES - POSITIVE AND NEGATIVE IMPACTS

3.8 Energy-intensive industries

The proposed strategies' impact on the Maltese economy is multifaceted, with both positive and negative ramifications. On one hand, alignment with EU policies and support through EU funds can significantly boost Malta's energy-intensive industries (EIIs), fostering innovation, sustainability, and competitiveness. On the other hand, Malta's unique geographic and economic characteristics pose challenges, particularly regarding the non-electrifiable nature of air and sea travel and the implications of changes to the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System (ETS).

By increasing coordination across multiple policies impacting the EU's EIIs, Malta can create a more streamlined and cohesive policy environment. This can lead to more efficient and effective implementation of climate, environmental, and trade policies, thereby enhancing the overall competitiveness and sustainability of Malta's industrial sector. Simplification and acceleration of permitting processes, along with the reduction of compliance costs and regulatory burdens, can

significantly benefit Maltese businesses. These measures can lower operational costs, reduce administrative overheads, and foster a more business-friendly environment that encourages investment and growth in green technologies and sustainable practices.

The reinforcement of relevant funding to support the decarbonisation of EILs, starting with earmarking ETS revenues, provides critical financial resources for Malta to invest in green technologies and infrastructure. Access to EU funds can help Maltese industries transition to lower carbon outputs, enhancing their resilience and competitiveness in a decarbonising global market. Promoting transparency and introducing standardised low-carbon criteria for public procurement can drive demand for green products. This can encourage local industries to innovate and produce sustainable goods, aligning with EU market demands and creating new economic opportunities. Enhancing the circularity of raw materials through improved recycling rates and a Single Market for circularity can help Malta reduce waste, lower raw material costs, and create a more sustainable industrial ecosystem. Stimulating demand for recycled materials can also support local industries and contribute to a more sustainable economy.

However, the changes proposed to the CBAM and ETS pose significant challenges for Malta due to its heavy reliance on air and sea travel. As an island nation, Malta's connectivity and economic activities are heavily dependent on these sectors, which currently have limited electrification options. The imposition of stricter emissions regulations and higher carbon pricing through changes to CBAM and ETS could increase operational costs for Maltese businesses reliant on air and sea transport. This could erode the competitiveness of Maltese industries, leading to higher costs for imports and exports and potentially impacting tourism, a key economic sector. The increased costs associated with compliance and potential carbon tariffs could also exacerbate economic vulnerabilities, especially for industries unable to easily transition to low-carbon alternatives. This could result in a competitive disadvantage for Maltese businesses in the EU market, where other countries might have more flexibility or advanced infrastructure for decarbonisation.

To mitigate these negative impacts, it is crucial for Malta to secure strong support and investments via EU funds. Ensuring that Malta receives adequate financial and technical support is essential to navigate the transition towards a more sustainable and competitive economy while maintaining its connectivity and economic stability.

In conclusion, while the proposed strategies offer significant opportunities for Malta's EILs to innovate and thrive, it is imperative to address the unique challenges posed by its reliance on non-electrifiable air and sea travel. Balancing these strategies with robust EU support can help Malta achieve a sustainable and resilient economic future.

Positive impacts: Enhance competitiveness through increased policy coordination and support for decarbonisation; reduced costs from simpler permitting and compliance; supporting investments in green technologies and infrastructure through EU funds; stimulate demand for green products through initiatives; and enhance circularity to reduce waste and costs.

Challenges: changes proposed to the CBAM and ETS pose significant challenges for Malta due to its heavy reliance on air and sea travel

BOX 3.8 ENERGY-INTENSIVE INDUSTRIES - POSITIVE IMPACTS

3.9 Automotive

The automotive sector has a significant role in shaping the Maltese economy, presenting both opportunities and challenges as the industry evolves. Building resilient supply chains by diversifying raw material sources and adopting just-in-time manufacturing principles is essential to meet the demands of modern automotive production. This approach ensures that the sector remains competitive and can quickly adapt to market changes, promoting economic stability and growth.

One of the crucial strategies for Malta is the support towards the development of recharging and refuelling infrastructure. As electric vehicles (EVs) and autonomous vehicles (AVs) become more prevalent, the need for a robust infrastructure to support these technologies becomes paramount. Investing in this infrastructure will not only facilitate the adoption of EVs and AVs but also stimulate economic activity by creating jobs and attracting investments in related industries. This development is expected to have a positive impact on the Maltese economy by reducing dependency on fossil fuels, lowering emissions, and promoting sustainable transportation solutions.

Furthermore, ensuring that a coherent digital policy for the automotive sector is in place is vital. This policy should encompass the data ecosystem and AI development needs, fostering an environment where innovation can thrive. The integration of AI in the automotive sector is set to revolutionize the industry by enhancing vehicle safety, improving efficiency, and reducing human error. AI can also contribute to reducing road congestion, as intelligent traffic management systems and autonomous driving technologies will optimize traffic flow and minimize delays. This transformation will lead to a more efficient transport system, benefiting the Maltese economy by improving productivity and reducing the costs associated with traffic congestion.

In addition to improving transport efficiency, AI can create high value-added jobs in the automotive industry, moving away from traditional manufacturing roles. These new opportunities will require advanced skills in AI, data analysis, and software development, offering a pathway for the Maltese workforce to engage in high-tech and innovative sectors. This shift will not only enhance the skill set of the local workforce but also increase the competitiveness of the Maltese economy on a global scale.

Supporting common European projects in areas such as affordable European EVs, software-defined vehicles (SDVs), and autonomous driving solutions is another strategic move that Malta can adopt. These projects will drive innovation and ensure that the Maltese automotive sector remains at the forefront of technological advancements. By participating in these initiatives, Malta can leverage cross-border partnerships and harmonized standards to enhance its global competitiveness.

The introduction of more affordable electric vehicles will have significant social and environmental benefits. Lower pollution levels resulting from the widespread use of EVs will improve public health and reduce healthcare costs associated with pollution-related illnesses. This transition to cleaner transportation options aligns with Malta's commitment to sustainability and environmental protection, reinforcing its reputation as a forward-thinking and responsible nation.

Overall, the automotive sector's evolution presents a unique opportunity for the Maltese economy to embrace innovation and adaptability. By focusing on key areas such as infrastructure development, AI integration, high value-added job creation, and participation in European projects, Malta can ensure a cleaner, safer, and more efficient transportation system. These advancements will not only meet consumers' needs and expectations but also drive economic growth and enhance the quality of life for the Maltese population.

Positive impacts: Implementing the Alternative Fuels Infrastructure Regulation and increasing charging infrastructure promotes the adoption of EVs; update regulations to promote the circular economy; establishing a framework for autonomous vehicles and creating new job opportunities by developing sector-specific skills enhances the employability of Maltese workers in the industry.

Challenges: Limited domestic production limits Malta's direct influence on the sector - the focus should be on adapting to EU regulations and creating an environment ideal for adoption new technologies and sustainable transport; and Malta's limited size presents a challenge in accommodating necessary EV charging infrastructure and for developing autonomous vehicle testing environments.

BOX 3.9 AUTOMATIVE - POSITIVE IMPACTS AND CHALLENGES

3.10 Space

While the space sector may not be immediately pertinent to the Maltese economy, the proposed strategies outlined in the Draghi report still offer several potential advantages. The two primary policies that Malta can implement—establishing a functioning Single Market for space through a common EU legislative framework and defining joint strategic priorities for space research and innovation—present notable benefits, particularly when associated with the digitalisation sector.

The harmonization of the EU-wide spectrum licensing, including for satellite connectivity, and the development of EU-wide auctions with longer durations and fewer restrictions, constitutes another policy that could notably benefit Malta. Although this policy may seem less immediately relevant, its

long-term impact could be substantial. Malta can leverage its expertise in licensing—already well-established in the aviation and maritime sectors—to become a key player in the spectrum licensing domain. This could open new revenue streams and position Malta as a strategic hub for satellite connectivity within the EU.

By participating in the creation of a common legislative framework for the space market, Malta can ensure a more streamlined integration with EU-wide initiatives, fostering a cohesive and efficient market environment. This participation can attract investments and collaborations, enhancing Malta's role in broader European space endeavours.

Furthermore, defining joint strategic priorities for space research and innovation, supported by increased coordination, funding, and resource pooling at both national and EU levels, can stimulate technological advancement and innovation. While the direct impact on Malta's space sector might be limited, the spillover effects into other areas, such as digitalisation, can be significant. Enhanced research and innovation capabilities can lead to improvements in Malta's technology infrastructure, boosting the country's competitiveness in the global market.

In conclusion, although the relevance of the space sector to the Maltese economy might be limited, the strategic implementation of these policies can yield substantial benefits, particularly within the digitalisation sector. By aligning with EU initiatives, Malta can ensure sustained growth and innovation across various sectors, leveraging its strategic position and expertise in licensing to become a key player in the region.

Positive impacts: Creating high-tech jobs; attracting investment through Malta's strategic location and supportive environment for innovation; drive technological advancement and spin-offs in other sectors; and enhance global integration and collaboration in the sector.

Challenges: Developing a robust space sector requires significant investment.

BOX 3.10 SPACE - POSITIVE IMPACTS AND CHALLENGES

3.11 Critical Raw Materials

The significance of Critical Raw Materials (CRMs) cannot be overstated, especially as the world transitions to a low-carbon economy. While Malta has a limited direct impact on the global supply chain of CRMs, the strategic importance of these materials to the European Union, our closest economic bloc, indirectly affects our economy.

The European Union's strategy for CRMs is focused on ensuring market stability, integrating with green technologies, fostering international cooperation, and driving research and development. These strategies aim to secure a sustainable supply of essential resources, aligning with global environmental and technological goals. For Malta, this translates into a more stable and secure supply chain within the EU, allowing us to focus on other critical aspects of our economy.

The Draghi report outlines fifteen strategies for the CRM sector, but only two are directly applicable to Malta: developing further critical raw materials resource diplomacy for securing supply and diversification, and further developing joint strategies with other global buyers in the G7/OECD, such as Japan. By participating in these international efforts, Malta contributes to a broader strategy that ensures the stability and security of the CRM supply chain.

As Europe strengthens its supply chain, Malta can benefit from increased security of supply. This stability allows us to channel our resources and efforts into other areas of economic development with greater peace of mind. We can invest in sectors such as technology, tourism, and financial services, confident that the foundational materials needed for innovation and growth are secured through our association with the EU.

In conclusion, while Malta's direct impact on the CRM supply chain is limited, our involvement in EU strategies and international cooperation provides a significant indirect benefit. By ensuring the security of supply for Europe, Malta can focus on its economic strengths and contribute to a resilient and forward-looking European market. This alignment with European strategies not only supports our economy but also positions Malta as a proactive participant in global sustainability and technological advancement efforts.

Positive impacts: Enhanced resilience of industries through more secure and sustainable supply chain; new economic and job opportunities through the development of CRM recycling and substitution technologies; and environmental protection and resource efficiency through sustainable sourcing practices.

Challenges: Limited domestic CRM resources could limit Malta's direct involvement in mining or processing activities.

BOX 3.11 CRITICAL RAW MATERIALS - POSITIVE IMPACTS AND CHALLENGES

3.12 Defence

Achieving strategic autonomy requires reducing dependence on non-EU defence systems. Promoting the development and acquisition of indigenous technologies will enhance self-reliance. Establishing funding mechanisms and support programs for local defence industries will stimulate the development of homegrown solutions. Additionally, member states should be encouraged to adopt procurement policies favouring EU-developed systems, thereby reinforcing strategic independence.

Interoperability among member states' defence systems is critical for enhancing collective security. Standardizing equipment, communication protocols, and operational procedures across the EU will ensure seamless collaboration. Establishing a dedicated task force to oversee interoperability initiatives and ensuring compliance with established standards will be pivotal in achieving this goal.

Investment in cutting-edge technologies, such as cyber defence, artificial intelligence, and unmanned systems, must be prioritized. Allocating substantial funding for these areas will drive innovation and ensure that the EU remains at the forefront of defence technology. Furthermore, implementing robust cybersecurity measures to protect critical infrastructure from cyber-attacks is crucial. Creating specialized units within the military focused on cyber defence and AI research will bolster these efforts.

Strengthening the industrial base within the EU to support these objectives is vital. European defence companies should be encouraged to innovate and expand their capabilities. Providing financial incentives, tax breaks, and grants for companies investing in advanced defence technologies will stimulate growth. Enhanced regulatory and oversight frameworks will ensure transparency, accountability, and alignment with EU values and international law, fostering a conducive environment for industrial advancement.

Integrating defence policy with broader economic and technological strategies within the EU will create a more resilient and dynamic sector. Aligning defence initiatives with economic growth and technological innovation agendas will ensure that defence efforts contribute to regional stability and prosperity. Establishing cross-sectoral committees to ensure coordinated policymaking and implementation will be essential.

Promoting transparency and accountability in all defence-related activities will build trust and ensure adherence to EU values. Implementing comprehensive oversight mechanisms, including regular audits and public reporting, will maintain high standards of governance. This commitment to transparency will reinforce the legitimacy of defence initiatives and ensure compliance with international law.

By following these strategic steps, the European Union can transition to a cohesive, technologically advanced, and strategically autonomous defence sector. Leveraging the collective strengths of member states, fostering innovation, and ensuring interoperability will create an effective and responsive force capable of safeguarding the security and interests of its members while contributing to the region's overall stability and prosperity.

In the context of the Maltese economy, prioritizing defence sector proposals at the EU level implies a potential reallocation of budgetary resources away from other sectors. Given Malta's limited defence capabilities and specific geopolitical context, it may not directly benefit from these defence strategies, leading to potential short-term negative impacts. Expenditure on EU-wide defence initiatives might mean reduced funding for sectors more immediately relevant and beneficial to Malta's economic landscape.

However, cybersecurity aligns closely with Malta's ongoing digitalisation efforts. As the EU invests in advanced cyber defence mechanisms, there is potential for Malta to indirectly benefit through improved cybersecurity infrastructures and frameworks. Enhancing cyber defence can improve Malta's digital economy, safeguarding critical infrastructure and fostering a secure environment for technological innovation and business operations.

Historically, advancements in defence technologies have often led to significant spillover benefits for other sectors. Innovations initially developed for defence purposes have found applications in civilian industries, driving progress and economic growth. For instance, technologies related to the internet, GPS, and various communication systems have roots in defence research and development. As the EU focuses on cutting-edge technologies within the defence sector, Malta could eventually enjoy the spillover effects, with innovations contributing to advancements in industries such as information technology, manufacturing, and cybersecurity.

Therefore, while Malta may not be in a position to actively engage in or contribute significantly to the proposed defence sector initiatives, the reallocation of EU funds towards this sector could have short-term negative impacts on the Maltese economy. Nevertheless, the long-term perspective offers a more optimistic outlook. The technological advancements driven by EU defence investments are poised to benefit Malta through indirect channels, fostering innovation and economic growth across various sectors.

In conclusion, although Malta should not and cannot significantly alter its current stance on defence due to practical limitations and strategic considerations, the emphasis on defence at the EU level could shift budgetary priorities, leading to short-term economic challenges. Nevertheless, the eventual spillover effects from technological innovations within the defence sector hold promise for long-term benefits, potentially enhancing Malta's economic resilience and technological capabilities.

None of the ten proposed strategies can be implemented locally, and therefore have no direct influence on Malta. However, it has to be mentioned that in the short term it is very likely that since a higher proportion of the EU budget will be towards defence, there will be less budget for other, more relevant to Malta sectors/initiatives

BOX 3.12 DEFENCE - POSITIVE IMPACTS AND CHALLENGES

4. Gaps not identified in the Draghi Report

The Draghi Report outlines a comprehensive set of strategies and proposals aimed at enhancing the European Union's resilience and strategic autonomy. However, there are several critical areas that hold significant importance for Malta which are not adequately addressed or acknowledged in the report.

First and foremost is the financial sector, which is a cornerstone of Malta's economy. The financial services industry in Malta has seen considerable growth over the past few decades, serving as a major employment provider and contributing substantially to the national GDP. The Draghi Report, however, does not delve into the specific challenges and opportunities associated with this sector, nor does it provide tailored strategies to ensure its sustainable development and resilience against global financial shocks.

The tourism sector is another critical component of Malta's economic landscape that the Draghi Report fails to address comprehensively. Tourism is vital for Malta, not only as a significant source of revenue but also as a means of cultural exchange and international engagement. The global pandemic has highlighted the fragility of the tourism industry and the need for robust strategies to ensure its recovery and long-term sustainability.

Social and cultural implications of policies are also largely overlooked in the Draghi Report. Malta's unique cultural heritage and social fabric necessitate policies that are sensitive to its specific needs and circumstances. The report's failure to consider the social and cultural dimensions of economic and technological policies could lead to initiatives that do not align with Malta's values and way of life, thereby causing social friction and resistance to change.

Furthermore, the Draghi Report does not adequately address the negative implications of the Fit for 55 package concerning the decarbonisation of the maritime industry. Malta, being an island nation, relies heavily on maritime activities for trade, transportation, and economic connectivity. The stringent decarbonisation measures proposed could have adverse effects on Malta's maritime sector, potentially leading to increased operational costs, reduced competitiveness, and economic disruptions. The report's omission of tailored strategies to mitigate these impacts is a significant oversight that could pose serious challenges for Malta.

Standardisation and harmonisation of rules and regulations, while beneficial for the EU as a whole, could be detrimental to Malta's attractiveness for foreign direct investment (FDI). Malta's flexible regulatory environment has been a key factor in attracting international businesses and investors. Imposing uniform standards across the EU could erode this competitive advantage, making it

harder for Malta to attract and retain FDI. The Draghi Report does not address this potential downside, leaving Malta at risk of losing a critical driver of economic growth.

While energy security is a key focus in the report, food security is not given the same level of attention. As a small island with limited agricultural capacity, Malta is heavily reliant on food imports to meet its needs. Ensuring a stable and secure food supply is crucial for Malta's well-being and resilience. The lack of emphasis on food security in the report means that Malta's vulnerabilities in this area are not adequately addressed, potentially leaving the nation exposed to supply chain disruptions and food shortages.

The blue economy, which encompasses maritime and marine-based economic activities, is another area of significant importance to Malta that the Draghi Report overlooks. The blue economy holds great potential for sustainable economic development, particularly in areas such as fisheries, aquaculture, marine tourism, and renewable energy. By neglecting this sector, the report misses an opportunity to promote economic diversification and growth in Malta, thereby compromising the island's ability to fully leverage its maritime assets.

Inequality is another pressing issue that is not sufficiently tackled in the Draghi Report. Economic and social inequalities can have far-reaching consequences, undermining social cohesion and hindering inclusive growth. For Malta, addressing inequality is paramount to ensuring that all citizens benefit from economic progress and that social stability is maintained. The lack of focus on inequality in the report means that Malta may struggle to implement policies that promote fairness and equity.

In conclusion, while the Draghi Report offers valuable insights and strategies for enhancing the EU's resilience, it falls short in addressing several critical areas that are of paramount importance to Malta. From the financial and tourism sectors to social and cultural implications, maritime decarbonisation, food security, the blue economy, and long-term demographic and inequality challenges, the report overlooks key aspects that are essential for Malta's sustainable development and resilience. Addressing these gaps is crucial for ensuring that Malta's unique needs and circumstances are adequately represented and supported within the broader EU framework.

Annex 1: Methodology

Each of the sectors identified by Draghi, has been analysed based on how many proposals could be implemented in Malta with their direct relevance and impact. For the proposals that will indirectly impact the Maltese economy, their external impact has been analysed both from a negative impact as well as from a positive impact.

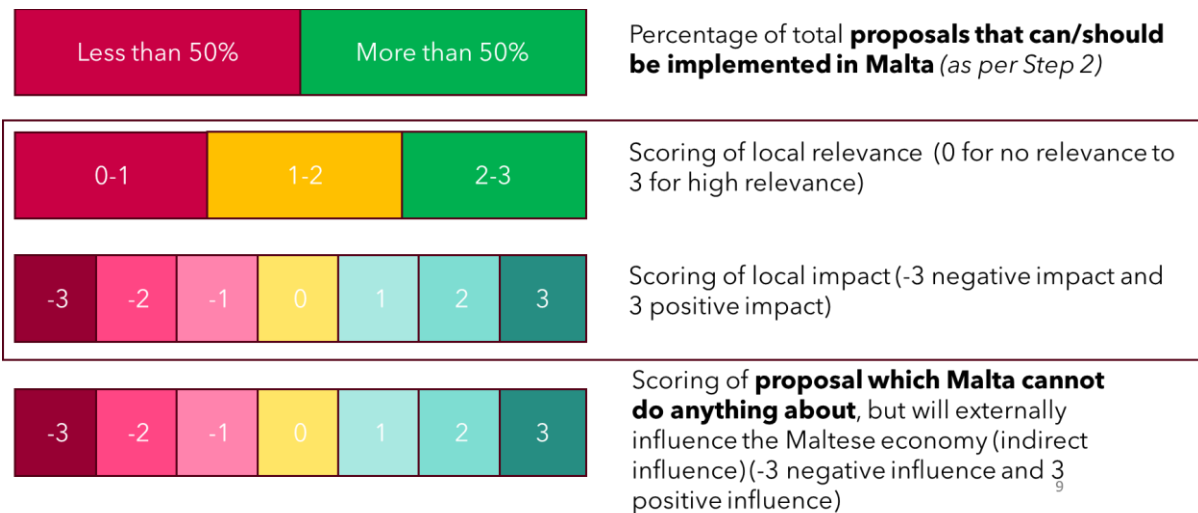


FIGURE 4 SCORING OF PROPOSALS

Summary of findings per sector can be found below:

Sector	Relevant Draghi Proposals	Direct Relevance	Direct impact	Indirect influence: how will the other proposals influence Malta?
Energy	15/22	2.1	2.1	-0.3
Computing and AI (Digitalisations and advanced technologies)	5/7	2.2	1.6	1.0
High-speed/capacity	6/7	1.8	1.5	-1.0

broadband networks (Digitalisations and advanced technologies)				
Semiconductors (Digitisation and advanced technologies)	3/6	2.0	1.7	1.3
Transport	8/9	2.3	1.9	1.0
Pharma	7/9	1.4	1.4	1.5
Clean technologies	7/10	1.6	2.1	0.3
Energy-intensive industries	5/11	1.8	1.8	0.0
Automotive	4/10	2.3	2.5	0.0
Space	2/10	1.0	1.0	0.1
Critical raw materials	2/15	2.0	2.0	1.2
Defence	0/10	N/A	N/A	0.1

TABLE 1 SUMMARY OF FINDINGS (SOURCE: AUTHOR'S CALCULATIONS, 2024)

Annex 2: All 126 proposals

Rank	Sector	Proposal number	Proposal	Term	Relevant horizontal policy	Is this proposal directly relevant to Malta?	Direct Relevance	Direct impact	Indirect influence
1	Energy	1	Establish partnerships with reliable and diversified trade partners, also reinforcing long- term contracts.	ST	Revamping Competition	Y	2	3	
1	Energy	2	Encourage a progressive move away from spot-linked sourcing.	MT	Revamping competition	Y	2	3	
1	Energy	3	Reinforce joint procurement.	ST	Revamping competition	Y	1	2	
1	Energy	4	Further develop selective strategic import infrastructures and improve the coordination of storage management across Europe.	MT	Sustaining investment	Y	3	1	
1	Energy	5	Improve the quality of data and forecasts.	ST	Revamping competition	Y	1	1	
1	Energy	6	Limit the possibility of speculative behaviours: financial position limits, dynamic caps, an EU trading rule book and an obligation to trade in the EU.	ST	Strengthening governance	Y	1	1	
1	Energy	7	Progressively decarbonise moving to H2 and green gases in the industry when cost- efficient.	LT	Sustaining investment	Y	3	3	
1	Energy	8	Ensure natural gas price formation mechanisms are more cost-reflective of different sourcing conditions.	MT	Revamping competition	Y	3	3	
1	Energy	9	Facilitate industries exposed to international competition to get access to competitive energy sourcing.	ST	Revamping competition	N			0
1	Energy	1	Simplify and streamline permitting and administrative processes to accelerate renewables, flexibility infrastructures and grids deployment.	ST/MT	Strengthening governance	Y	2	2	
1	Energy	2	Foster network upgrades and investments in grids to address the electrification of the economy and avoid bottlenecks.	ST/MT/LT	Sustaining investment	Y	3	3	
1	Energy	3	Decouple the remuneration of RES and nuclear from fossil-fuel generation through long-term Contracts (PPAs and 2-way CfDs) to limit the impact of natural gas on electricity prices.	ST/MT	Strengthening governance	N			0
1	Energy	4	Support PPAs for industrial users.	ST	Strengthening governance	N			0

1	Energy	5	Encourage self-generation by energy-intensive users.	ST	Sustaining investment	Y	2	2	
1	Energy	6	Reinforce system integration, storage and demand flexibility to keep total system costs in check with a competitive uptake of renewables.	ST/MT	Sustaining investment	Y	2	2	
1	Energy	7	Facilitate industry exposed to international competition to get access to competitive EU energy sources.	ST	Revamping competition	N			0
1	Energy	8	Maintain nuclear supply and accelerate the development of 'new nuclear' (including the domestic supply chain).	ST/MT/LT	Sustaining investment	N			0
1	Energy	9	Promote the role of carbon capture, utilisation and storage (CCUS) technologies as one of the tools needed to accelerate the EU's green transition.	MT/LT	Sustaining investment	Y	1	1	
1	Energy	1	Lower and level the energy taxation playing field and the strategic use of taxation measures to reduce the cost of energy.	ST/MT	Strengthening governance	Y	2	2	
1	Energy	2	Harmonise price reliefs and avoid distortions in the Single Market.	ST/MT	Strengthening governance	N			-3
1	Energy	3	Foster innovation in the energy sector.	MT/LT	Accelerating innovation	Y	3	3	
1	Energy	4	Develop the governance needed for a true Energy Union.	MT	Strengthening governance	N			1
2	Digitilisation and advanced technologies	1	Reform the EU's regulation and competition stance to complete the Digital Single Market for telecommunications, harmonising rules and favouring cross-border mergers and operations	ST/MT	Strengthening governance	Y	2	1	
2	Digitilisation and advanced technologies	2	Harmonise EU-wide spectrum licensing also for satellite connectivity, and design EU-wide auctions with longer duration and fewer restrictions	MT/LT	Strengthening governance	Y	1	2	
2	Digitilisation and advanced technologies	3	Simplify and harmonise the cybersecurity and Lawful Interception regulation, and improve cooperation among EU cybersecurity agencies	ST/MT	Strengthening governance	Y	3	2	
2	Digitilisation and advanced technologies	4	Incentivise the deployment of new infrastructure, by defining cut-off dates for older technologies	MT	Sustaining investment	Y	1	1	
2	Digitilisation and advanced	5	Introduce 'passporting' of B2B services to enable operators in one Member State to offer services EU-wide	ST	Strengthening governance	Y	3	2	

	technologies								
2	Digitilisation and advanced technologies	6	Strengthen EU-based telecom equipment and software providers to underpin the EU's open strategic autonomy	ST/MT	Revamping competition	N			-1
2	Digitilisation and advanced technologies	7	Coordinate technical standards for edge computing, network APIs, and IoT at the EU level	MT/LT	Strengthening governance	Y	1	1	
2	Digitilisation and advanced technologies	1	Increase the computational capacity dedicated to the training and fine-tuning of AI models and create an EU-wide framework for providing 'computing capital' to innovative SMEs in the EU	ST/MT	Accelerating innovation	Y	2	2	
2	Digitilisation and advanced technologies	2	Identify priority AI vertical applications for the EU, encouraging EU companies to participate in their development and deployment in key industrial sectors	MT	Accelerating innovation	Y	3	3	
2	Digitilisation and advanced technologies	3	Leverage the EU-wide coordination and harmonisation of national AI sandbox regimes, and ensure harmonised and simplified implementation of the GDPR	ST	Strengthening governance	Y	1	1	
2	Digitilisation and advanced technologies	4	Define a single EU-wide policy and residency requirements for public administrations' cloud services, as well as EU-wide sensitive data security policies for collaboration between private cloud providers and hyperscalers	ST/MT	Strengthening governance	Y	3	1	
2	Digitilisation and advanced technologies	5	Adopt a Single Market 'passporting' regime for all EU-provided cloud services	ST/MT	Revamping competition	Y	2	1	
2	Digitilisation and advanced technologies	6	Support data brokers as preapproved data intermediaries with regulatory clearance ensured by a Data Ombudsman	MT/LT	Strengthening governance	N			1

	technologies									
2	Digitilisation and advanced technologies	7	Step up cooperation between the EU and the US to ensure access to cloud and data markets	MT	Revamping competition	N				1
2	Digitilisation and advanced technologies	1	Enable the development of a new EU Semiconductor Strategy, by establishing an EU semiconductor budget, coordinating demand requirements, introducing EU preferences in procurement and a new 'fast-track' IPCEI	ST/MT	Accelerating innovation	N				1
2	Digitilisation and advanced technologies	2	Launch the new EU Semiconductor Strategy, including: i) funding for innovation and the establishment of testing labs near existing centres of excellence; ii) grants or R&D tax incentives for fabless companies active in chips design and foundries in selected strategic segments; iii) support for the innovation potential of mainstream chips; and iv) coordinated EU efforts in back-end 3D advanced packaging, advanced materials and finishing processes	MT	Sustaining investment	Y	3	2		
2	Digitilisation and advanced technologies	3	Support consolidation and leadership in manufacturing equipment in response to competitors' export restrictions	ST/MT	Revamping competition	Y	2	2		
2	Digitilisation and advanced technologies	4	Foster a friendly EU-wide permitting regime for chips	ST	Strengthening governance	N				2
2	Digitilisation and advanced technologies	5	Launch a long-term EU Quantum Chips plan	LT	Accelerating innovation	N				1
2	Digitilisation and advanced technologies	6	Foresee a chip sub-component of the 'Tech Skills Acquisition Programme' to attract, develop and retain world-class competencies in advanced electronics and semiconductors	ST/MT	Closing the Skills Gaps	Y	1	1		
3	Transport	1	Improve infrastructure planning with a primary focus on competitiveness as a complement to cohesion and an evolution towards fully multimodal transport	ST	Sustaining investment	Y	2	1		

3	Transport	2	Mobilise public and private financing: i) increase EU and Member State resources for cross border connectivity, military mobility, climate resilience; ii) introduce or reinforce schemes to attract and de-risk private financing.	MT	Sustaining investment	N			1
3	Transport	3	Remove barriers to integration and interoperability in all segments (rail, air services and waterborne and road)	MT	Revamping competition	Y	3	2	
3	Transport	4	Accelerate digitalisation to enhance efficiency, through the development and enforcement of incentives and standards.	ST/MT	Accelerating innovation	Y	2	2	
3	Transport	5	Launch dedicated EU innovation projects leveraging public-private partnerships and cross-border cooperation for decarbonisation and automation challenges in different segments.	ST/MT	Accelerating innovation	Y	2	2	
3	Transport	6	Introduce schemes to de-risk and finance decarbonisation solutions in hard-to-abate segments	ST/MT	Sustaining investment	Y	2	1	
3	Transport	7	Level the playing field for EU industries leveraging among others public procurement, foreign direct investment screening and an EU export credit facility.	MT	Revamping competition	Y	3	3	
3	Transport	8	Establish international partnerships and develop strategic infrastructure to increase global integration including in climate policy and resilience.	MT	Revamping competition	Y	3	3	
3	Transport	9	Align job profiles to the green and digital transition for diverse and flexible employment opportunities and provide enhanced professional mobility.	MT	Closing the Skills Gaps	Y	1	1	
4	Pharma	1	Maximise the impact of the EU Health Data Space, e.g. by facilitating access to and the sharing of electronic health records, leveraging the DARWIN EU® network and scaling up genome sequencing capacities.	ST/MT	Accelerating innovation	Y	1	1	
4	Pharma	2	Streamline the set-up and management of multi-country trials in the EU to advance the EU as an attractive place for conducting clinical R&D.	MT	Accelerating innovation	Y	2	2	
4	Pharma	3	Expedite access to markets through coordinated action by medicines agencies, HTA authorities and public payers on guidance to industry, pricing and reimbursement as well as procurement.	MT	Revamping competition	N			1
4	Pharma	4	Provide clear and timely guidance on the use of AI in the lifecycle of medicines.	MT	Accelerating innovation	Y	1	1	
4	Pharma	5	Rapidly and fully implement the HTA regulation and ensure the required resources are allocated to ensure the delivery of joint clinical assessments as of 2025, with the aim of establishing an EU agency in the long term.	ST	Strengthening governance	Y	1	1	
4	Pharma	6	Improve business predictability through a continuous evidence-based dialogue with stakeholders to underpin EU policy-making on protection mechanisms for novel medicines.	MT/LT	Strengthening governance	Y	2	1	
4	Pharma	7	Increase and focus public R&D investment in the EU, e.g. supporting a number of world-class innovation hubs in life sciences for advanced therapy medicinal products (ATMPs).	MT	Accelerating innovation	Y	1	2	
4	Pharma	8	Mobilise private R&D investment in the EU and bolster the supporting environment.	MT	Sustaining investment	Y	2	2	

4	Pharma	9	Develop strategic international partnerships to solidify and bolster the EU's international trade position in pharmaceuticals.	MT/LT	Revamping competition	N			2
5	Clean technologies	1	Ensure full, accelerated implementation of the NZIA	ST	Strengthening governance	N			-2
5	Clean technologies	2	Introduce in public procurement and in Contract for Difference auctions an explicit minimum quota for selected locally produced innovative and sustainable products and components - where needed to reach EU manufacturing targets	ST	Revamping competition	Y	1	1	
5	Clean technologies	3	Promote other forms of offtake for selected locally produced technologies, such as requirements and rewards in EU and EIB financing schemes, and in national support schemes	ST	Sustaining investment	Y	2	3	
5	Clean technologies	4	Mobilise private and public financing for clean tech solutions, in particular by: i) streamlining and simplifying access to EU public funding, increasing the level of resources, extending the support to OPEX; ii) reinforcing dedicated financing schemes to attract private capital; iii) introducing dedicated growth equity instruments.	ST/MT	Sustaining investment	Y	2	3	
5	Clean technologies	5	Define clean technologies as one of the strategic priority areas of a refocused 10th EU Framework Programme for research and innovation (with prioritised access to funding for innovation, a dedicated new Competitiveness Joint Undertaking, and breakthrough innovation programmes).	ST	Accelerating innovation	N			2
5	Clean technologies	6	Diversify supply sources and establish industrial partnerships with third countries	ST	Revamping competition	N			1
5	Clean technologies	7	Develop and enforce a single model of sustainable and innovative technology certification	MT	Accelerating innovation	Y	1	2	
5	Clean technologies	8	Optimise foreign direct investment and protect EU know-how, by leveraging knowledge transfer clauses and protecting intellectual property rights	ST/MT	Revamping competition	Y	1	1	
5	Clean technologies	9	Pool a skilled workforce, via mutual recognition of skills across the EU and facilitation of work permits to attract talents	MT	Closing the Skills Gaps	Y	3	3	
5	Clean technologies	10	Reinforce EU level coordination, in collaboration with industry and research centers, starting with: supply chain monitoring, definition of standards and minimal critical capacities, and coordination of R&D efforts (e.g. Joint Undertakings and IPCEIs).	ST/MT	Accelerating innovation	Y	1	2	
6	Energy-intensive industries	1	Increase the level of coordination across the multiple policies impacting the EU's (e.g. energy, climate, environment, trade, circularity, and growth).	ST	Revamping competition	Y	2	2	

6	Energy-intensive industries	2	Ensure access to a competitive supply of natural gas during the transition, and sufficient and competitive decarbonised electricity and clean hydrogen resources [as detailed in the chapter on energy].	ST/MT	Revamping competition	N			1
6	Energy-intensive industries	3	Simplify and accelerate permitting, and reduce compliance costs, red tape and regulatory burden.	ST	Strengthening governance	Y	1	1	
6	Energy-intensive industries	4	Further develop financial solutions (such as financial guarantees) for the EU's EIs to improve market financing conditions.	ST	Sustaining investment	N			0
6	Energy-intensive industries	5	Reinforce relevant funding to support the decarbonisation of EIs, starting by earmarking ETS revenues.	ST/MT	Sustaining investment	Y	1	1	
6	Energy-intensive industries	6	Simplify, accelerate and harmonise subsidy allocation mechanisms. Adopt common instruments across Member States, such as the European Hydrogen Bank and Carbon Contracts for Difference.	ST/MT	Sustaining investment	N			0
6	Energy-intensive industries	7	Closely monitor and improve the design of CBAM during the transition phase. Evaluate whether to postpone the reduction of free ETS allowances if CBAM's implementation is ineffective.	ST/MT	Strengthening governance	N			-3
6	Energy-intensive industries	8	Stimulate demand for green products by promoting transparency and by introducing standardised low-carbon criteria for public procurement.	ST	Revamping competition	Y	2	2	
6	Energy-intensive industries	9	Improve the circularity of raw materials (recycling rates, Single Market for circularity, stimulate demand where needed).	ST	Revamping competition	Y	3	3	
6	Energy-intensive industries	10	Ensure the effective design of global trade arrangements and the ability to react, where justified.	ST/MT	Revamping competition	N			1
6	Energy-intensive industries	11	Coordinate the establishment of green regional industrial clusters around the EU's EIs.	ST/MT	Sustaining investment	N			1
7	Automotive	1	Ensure competitive transformation costs, starting with energy sourcing and labour automation.	ST/MT	Accelerating innovation	N			0
7	Automotive	2	Develop an EU industrial action plan for the automotive sector, increasing coordination both vertically and horizontally in the value chain.	ST/MT	Revamping competition	N			0
7	Automotive	3	Ensure regulatory coherence, predictability and appropriate timing and consultation for upcoming regulation. Adopt a technology-neutral approach in the review of the Fit-for-55 package.	ST/MT	Strengthening governance	N			0
7	Automotive	4	Encourage standardisation.	ST	Strengthening governance	N			1

7	Automotive	5	Set up reinforced Net-Zero Acceleration Valleys dedicated to the automotive ecosystem.	MT	Sustaining investment	N			0
7	Automotive	6	Support the development of recharging and refuelling infrastructure.	MT	Sustaining investment	Y	2	3	
7	Automotive	7	Ensure that a coherent digital policy for the automotive sector is in place, encompassing the data ecosystem and AI development needs.	MT	Accelerating innovation	Y	3	3	
7	Automotive	8	Support common European projects in the most innovative areas, such as affordable European EVs, software-defined vehicle and autonomous driving (SDV and AD) solutions of the future, and the circularity value chain.	ST/MT	Accelerating innovation	Y	2	2	
7	Automotive	9	Bridge skills gaps and address reskilling needs.	ST/MT	Closing the Skills Gaps	N			0
7	Automotive	10	Level the global playing field and enhance market access.	MT	Revamping competition	Y	2	2	
8	Space	1	Reform the European space governance framework to reduce complexity, fragmentation and overlap.	MT	Strengthening governance	N			0
8	Space	2	Remove the European Space Agency's geographical return principle to reduce the fragmentation of the EU's industrial base and modernise EU procurement rules.	ST	Strengthening governance	N			0
8	Space	3	Establish a functioning Single Market for space, through a common EU legislative framework.	ST	Revamping competition	Y	1	1	
8	Space	4	Establish a multi-purpose EU Space Fund at the EU level.	MT	Sustaining investment	N			1
8	Space	5	Improve access to finance for EU space SMEs, start-ups and scale-ups to ensure they can grow in the EU.	ST	Accelerating innovation	N			0
8	Space	6	Introduce targeted European preference rules for the space sector to support the scale up of European companies.	ST	Accelerating innovation	N			0
8	Space	7	Define joint strategic priorities for space research and innovation, to be supported by increased coordination, funding and the pooling of resources at the national and EU levels.	LT	Accelerating innovation	Y	1	1	
8	Space	8	Further exploit the synergies between space and defence industrial policies.	MT	Sustaining investment	N			0
8	Space	9	Define an EU policy framework for launchers aiming to ensure autonomous access to space.	ST	Accelerating innovation	N			0
8	Space	10	Promote further access to international space markets.	MT	Revamping competition	N			0
9	Critical raw materials	1	Enhance domestic production, processing and recycling in the EU along the CRM value chain.	ST	Sustaining investment	N			2
9	Critical raw materials	2	Support the diversification of supply chains: international strategic partnerships and strategic projects.	ST	Revamping competition	N			2

9	Critical raw materials	3	Simplify permitting procedures: shorten timeframes and develop national programmes.	ST	Strengthening governance	N			1
9	Critical raw materials	4	Advance the Strategic Projects.	ST	Sustaining investment	N			1
9	Critical raw materials	1	Develop a comprehensive strategy at the EU level building on the CRMA from mining to recycling.	ST	Strengthening governance	N			1
9	Critical raw materials	2	Establish a dedicated EU Critical Raw Material Platform to deliver on the EU strategy and leverage market power.	MT	Revamping competition	N			1
9	Critical raw materials	3	Develop financial solutions supporting the critical raw materials value chain.	ST/MT	Sustaining investment	N			1
9	Critical raw materials	4	Develop further critical raw materials resource diplomacy for securing supply and diversification.	ST	Revamping competition	Y	2	2	
9	Critical raw materials	5	Further develop joint strategies with other global buyers in the G7/OECD (e.g. Japan).	ST/MT	Revamping competition	Y	2	2	
9	Critical raw materials	6	Further promote the untapped potential of domestic resources in the EU linked to better standards and integration with industry at different levels of the value chain.	MT	Revamping competition	N			1
9	Critical raw materials	7	Boost European excellence in research and innovation in alternative materials or processes to substitute critical raw materials in various applications.	MT	Accelerating innovation	N			1
9	Critical raw materials	8	Circularity: create a true Single Market for waste and recycling in Europe.	ST	Revamping competition	N			1
9	Critical raw materials	9	Accelerate the creation of a sustainable CRM market in the EU.	ST/MT	Accelerating innovation	N			1
9	Critical raw materials	10	Develop strategic stockpiles for critical minerals in the EU.	ST	Revamping competition	N			1
9	Critical raw materials	11	Enhance financial market transparency for critical minerals wholesale contracts in the EU.	ST	Sustaining investment	N			1

10	Defence	1	Proceed with the swift implementation of the proposed European Defence Industrial Strategy (EDIS) and the adoption of the European Defence Industry Programme (EDIP).	ST	Sustaining investment	N				-1
10	Defence	2	Substantially increase the aggregation of demand for defence assets between groups of Member States and pursue the further standardisation and harmonisation of defence equipment.	ST	Sustaining investment	N				0
10	Defence	3	Develop a medium-term EU Defence Industrial Policy which supports cooperation, the Europeanisation and integration of SMEs into supply chains, the structural cross-border integration of defence industrial assets.	MT	Strengthening governance	N				1
10	Defence	4	Provide EU-level funding for the development of the EU's defence industrial capacities.	MT	Sustaining investment	N				-1
10	Defence	5	Improve access to finance for the European defence industry, including by removing restrictions on access to EU-funded financial instruments.	ST	Sustaining investment	N				0
10	Defence	6	Introduce a reinforced European preference principle and substantive incentive mechanisms to valorise European defence solutions and excellence over non-EU solutions.	ST	Revamping competition	N				0
10	Defence	7	Ensure that EU competition policy enables industrial defence consolidation to reach scale, where needed.	ST	Strengthening governance	N				1
10	Defence	8	Concentrate efforts and resources on common EU R&D/R&T defence initiatives and maximise technological spillover between civil and defence innovation cycles.	LT	Accelerating innovation	N				1
10	Defence	9	Deepen competences at the EU level for defence industrial policy to be reflected in the EU institutional set-up.	MT	Strengthening governance	N				0
10	Defence	10	Improve coordination and combine the acquisition of US systems by sub-groups of EU Member States.	ST	Strengthening governance	N				0
Total			126				64	64		62