

# The Current State of Play of the EU

# STATE OF PLAY

- SOTEU ADDRESS AND STRATEGIC FORESIGHT
- GLOBAL UNCERTAINTIES AND CONTINUED CONFLICT IN EASTERN EUROPE RESULTING IN MORE DEFENCE SPENDING
- POLITICAL UNCERTAINTY AND HIGH LEVEL OF PUBLIC DEBT IN FRANCE
- AN AGEING EUROPEAN POPULATION
- SIGNIFICANT TRADE DEFICIT WITH CHINA (305 BILLION EURO IN 2024)
- LEVEL OF VENTURE CAPITAL INSUFFICIENT FOR PRODUCTIVE INVESTMENT
- LOWER LEVELS OF PRODUCTIVITY THAN US AND CHINA & LOSING GROUND ON COMPETITIVENESS

# THE EESC VIEWPOINT

- THE UNITY OF THE EU IS BEING SEVERLY TESTED BY THE WAR IN UKRAINE, THE ECONOMIC & IDEOLOGICAL INFLUENCE FROM THE TRUMP ADMINISTRATION
- THERE IS PRESSURE BY BUSINESS TO REDUCE REGULATORY BURDEN AND COMPLIANCE COSTS. THIS IS BEING RESISTED BY TRADE UNIONS
- THERE IS AGREEMENT AT EESC THAT THE SINGLE MARKET NEEDS TO FUNCTION MORE EFFECTIVELY (European Commission has launched A Single Market Roadmap to 2028).

# THE EESC VIEWPOINT

- THE EU IS HAVING DIFFICULTY TO ASSERT ITSELF GLOBALLY & NO INROADS MADE ON STRATEGIC AUTONOMY AND ROLE OF THE EURO AS AN INTERNATIONAL CURRENCY
- US & CHINESE FIRMS LEAD THE WAY IN TECH INDUSTRY, DISRUPTIVE INNOVATION & ONLINE PLATFORM SALES
- EU LEADERS SPEND TOO MUCH ENERGY REACTING TO CRISIS CREATED BOTH EXTERNAL AND INTERNALLY
- THERE IS A HOUSING CRISIS ACROSS THE EU WHICH CRISIS HAS BEEN CAUSED BY MARKET FAILURE
- FOR TRADE UNIONS COLLECTIVE BARGAINING REMAINS KEY TO MAINTAINING BALANCE OF ECONOMIC POWER, SOCIAL EQUITY AND FAIR WAGES

# WHAT DRAGHI SAID RECENTLY

- THE EU IS LOSING FURTHER GROUND WITH ITS COMPETITORS AND NOT MOVING WITH URGENCY
- THE COMMISSION LAUNCHED THE OMNIBUS PROPOSAL THIS YEAR TO REVISE CERTAIN REQUIREMENTS OF THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE AND THE CORPORATE DUE DILIGENCE DIRECTIVE BUT THE COST OF COMPLIANCE REMAINS HIGH AND HURTS COMPETITIVENESS
- THE EU IS STILL NOWHERE CLOSE TO STRATEGIC AUTONOMY
- THE INVESTMENT GAP REMAINS (EURO 800 BILLION)

# COMPETITIVENESS FUND

- THIS FUND TOTALLING EURO 451 BILLION WILL COME INTO PLACE IN THE NEXT MFF AND AIMS TO CLOSE THE INVESTMENT GAP REFERRED TO IN DRAGHI'S REPORT
- THE FUND WILL HELP MOBILISE PRIVATE AND PUBLIC INVESTMENT TO SUPPORT CLEAN, DIGITAL AND SECURITY TRANSITION.
- OBJECTIVES INCLUDE MORE SUSTAINABLE RESOURCE UTILISATION, INDUSTRIAL DECARBONISATION, BIOTECH, INVESTMENT IN ADVANCED TECHNOLOGIES, DIGITAL TRANSITION AND AI, LOW-COST ENERGY, AND NEW BUSINESS MODELS TO INCREASE PRODUCTIVITY.

# PRIVATE & PUBLIC FUNDING IN THE CF

- PUBLIC FUNDING MUST BE DESIGNED IN SUCH A WAY TO LEVERAGE NOT REPLACE PRIVATE INVESTMENT
- ONLY BY CROWING IN PRIVATE CAPITAL AND COORDINATING WITH NATIONAL FUNDING CAN THE EU ACHIEVE THE SCALE NEEDED TO STAY GLOBALLY COMPETITIVE

# HOW MALTA CAN BENEFIT

- THE MFF AND WITHIN IT THE CF IS STILL BEING NEGOTIATED
- EURO 306 BILLION WILL GO TO DEFENCE SPENDING AND HORIZON EUROPE
- MALTA RECEIVES EU FUNDS (EURO 817 MILLION) UNDER COHESION POLICY ALSO INTENDED TO MAKE OUR ECONOMY MORE COMPETITIVE, INCLUSIVE, GREEN AND DIGITAL.
- WHEREAS WE CANNOT COMPLETELY RELY OR WAIT FOR THE CF TO INNOVATE AND INCREASE PRODUCTIVITY, WE STILL NEED TO ALIGN OUR PRIORITIES WITH THOSE OF THE CF AND BY AND LARGE WE ALREADY DO.

# HOW WILL THE CF WORK

- IT IS STILL EARLY TO DETERMINE HOW THE CF WILL WORK. HOWEVER, THE CF AIMS TO POOL PREVIOUS MFF INSTRUMENTS. WE NEED TO ADAPT TO THIS NEW PROCESS
- WE WILL NEED TO PROVIDE ATTRACTIVE CONDITIONS IN TERMS OF SKILLS BASE, REGULATORY CLARITY AND PROJECTS SO THAT PRIVATE INVESTORS JOIN IN.
- LAST, WE NEED TO ENSURE WE HAVE THE ADMINISTRATIVE CAPACITY TO UTILISE THE CF EFFICIENTLY