

INSIDE
Open this
wraparound
to find this
week's
edition of
POLITICO

POLITICO

APRIL 11-17, 2024

European businesses call for action



"Imagine if Europe was the center of innovation – the world's leading place to discover, develop and use new medicines. This would benefit European patients, public budgets and economic competitiveness. The coming election is pivotal not just for life science but for all of Europe's industry. We must make the right choices, or Europe risks becoming a museum of the past. Instead, let's be a leader in solving the challenges of tomorrow."

Lars Fruergaard Jørgensen,
president and CEO at Novo Nordisk



"I am increasingly concerned by the deteriorating competitiveness in Europe and lack of growth mindset. In the quest to revitalize the European Union's economy amid global competition, our recommendation is to increase energy efficiency and accelerate electrification. This would improve Europe's competitiveness, increase demand for green technologies and help deliver an affordable, secure, and decarbonized future."

Kim Fausing, president and CEO
at Danfoss



"We need regulation based on the future, not the past. Biosolutions for a healthier planet and healthier people are already here. We need regulations for the future to ensure the speed and scalability of these green and sustainable solutions and to strengthen Europe's competitiveness."

Ester Baiget, president and CEO
at Novonesis



"The global market is moving fast, and this is a critical moment for Europe. While well placed to lead the green transformation of our industries, it is crucial that Europe does not stray off the ambitious decarbonization course. Europe needs to remain committed to climate action while also embracing this opportunity to re-establish Europe's competitive edge in the global market."

Vincent Clerc, CEO at
A.P. Moller – Maersk



Proposals to improve
EU's competitiveness



Time is running out

Europe is losing
so stop saying
there is still time to protect European prosperity
because one thing is certain
Europe is falling behind the U.S. and China
and it is no longer a given that
it's possible for businesses to thrive here
because in the future
EU cannot compete globally
and it is foolish to presume that
There is hope for Europe

↑ *Now, read from bottom to top to turn
Europe's future around*

European elections June 6-9, 2024



Time to turn Europe's future around

The EU imperative is to solve major challenges. Recent crises have proven the value and strength of European synergy.

But the world faces unprecedented change. The EU is at a tipping point – caught between external powers and disenchantment with the EU project. The role of the EU, Europe's prosperity and growth, and our safety is being challenged. Europe has everything to lose.

The pillars of the EU have begun to teeter. Geopolitical trends, compounded by bureaucratic 'red tape', have exposed Europe's fragility. As a result, in recent years we have seen valuable businesses and their investments moving outside the EU.

Strengthening Europe in the world will be the Parliament's primary task in the coming years. By balancing European resilience with openness and delivery of our green ambitions, Europe has the chance to redefine itself as a beacon of economic and political light. By making Europe more attractive to investors, Europe will have everything to win.

The European elections on June 6-9 will be decisive to turn Europe's future around.

And time is running out



Proposals to improve EU's competitiveness



Danish Industry – DI – is Denmark's largest, most representative and most influential business and employers' organization, covering manufacturing as well as service industries across sectors such as transport, energy, IT, health, trade and professional services.

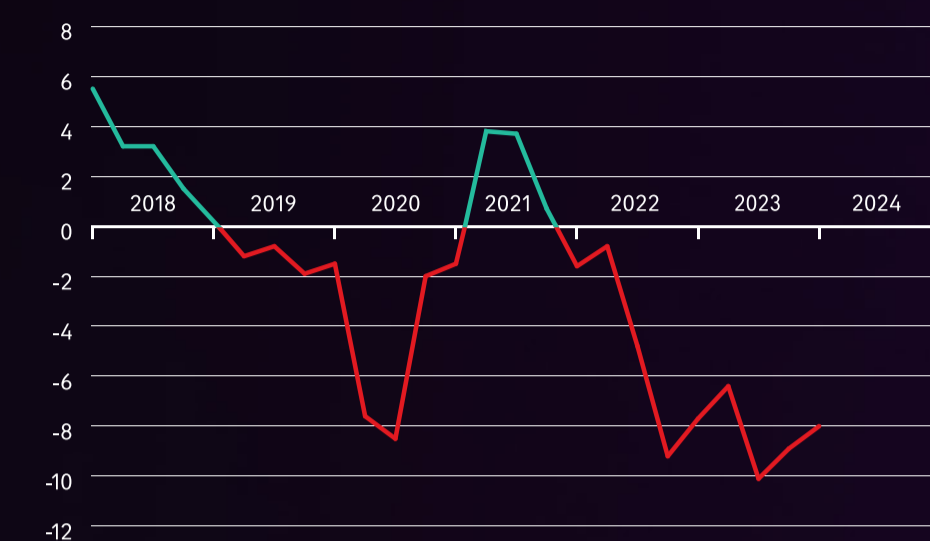
European competitiveness is under pressure

European industrial companies are losing ground. There is a clear preponderance of European industrial companies indicating that their competitive position has deteriorated continuously. In 17 out of the last 20 quarters, a greater proportion of European industrial companies have experienced a deterioration in their competitiveness on markets outside the EU than there are companies that have experienced an improvement.

Source: European Commission, Business Survey, January 2024

European industrial companies' competitive position outside EU

Net figures in percent (differences between the percentage of respondents giving positive and negative replies)



Source: European Commission, Business Surveys conducted by national institutes in the member countries and the candidate countries based on harmonized questionnaires

The trends are worrying for European businesses



Slower productivity growth

Over the past two decades, Europe has lagged behind the U.S. in productivity development. Productivity is crucial for the development of prosperity. On average, EU residents have about 30 percent less wealth than Americans.

Source: Financial Times "Europe faces 'competitiveness crisis' as EU widens productivity gap", March 2024

Less R&D spending

Far too little is invested in R&D in the EU. All major global competitors of the EU assign a higher priority to R&D investments. The EU spends 2.2 percent of the GDP on R&D. In the U.S. it is 3.5 percent.

Source: OECD data: Gross domestic spending on R&D



Longer approval procedures

Bringing new innovative green products to the market takes up to 10 years in the EU. Other regions deliver biosolutions within two to three years.

Source: IMBA Global

Fewer generative AI companies

At the end of 2023, 35 generative AI companies had scaled up in the U.S., while only three had scaled up in Europe.

Source: McKinsey: "Accelerating Europe: Competitiveness for a new era", 2024



Dependent on other regions for raw materials

Europe accounts for only 2 percent of global mining and processing of 10 critical materials, compared to China's 14 percent.

Source: McKinsey: "Accelerating Europe: Competitiveness for a new era", 2024

Higher energy prices

Both industrial electricity and gas prices in early 2024 remained more than double their pre-Covid levels compared to average increases of around 30 percent in the US.

Source: BusinessEurope: "Reform Barometer", March 2024.



An increasing regulatory burden

Between 2017 and 2022 European companies were introduced to 850 new regulatory obligations.

Source: DI, "Increasing administrative burden for Danish companies", October 2023

