



**P10\_TA(2025)0285**

## **Institutional aspects of the Report on the future of European Competitiveness (Draghi Report)**

**European Parliament resolution of 25 November 2025 on the institutional aspects of the Report on the future of European Competitiveness (Draghi Report) (2025/2013(INI))**

(C/2026/1700)

*The European Parliament,*

- having regard to the report of 9 September 2024 by Mario Draghi entitled ‘The future of European competitiveness’ (Draghi report),
- having regard to the address by Mario Draghi on presentation of the Draghi report to the European Parliament on 17 September 2024,
- having regard to the report of 17 April 2024 by Enrico Letta entitled ‘Much more than a market’ (Letta report),
- having regard to the Commission communication of 29 January 2025 entitled ‘A Competitiveness Compass for the EU’ (COM(2025)0030),
- having regard to the Commission communication of 11 February 2025 entitled ‘The road to the next multiannual financial framework’ (COM(2025)0046),
- having regard to the Commission communication of 19 March 2025 entitled ‘Savings and Investments Union – A Strategy to Foster Citizens’ Wealth and Economic Competitiveness in the EU’ (COM(2025)0124),
- having regard to the report of 30 October 2024 by Sauli Niinistö entitled ‘Safer Together – Strengthening Europe’s Civilian and Military Preparedness and Readiness’ (Niinistö report),
- having regard to the report of 9 May 2022 on the final outcome of the Conference on the Future of Europe (CoFE),
- having regard to its resolution of 4 May 2022 on the follow-up to the conclusions of the Conference on the Future of Europe <sup>(1)</sup>,
- having regard to its resolution of 9 June 2022 on the call for a Convention for the revision of the Treaties <sup>(2)</sup>,
- having regard to its resolution of 22 November 2023 on proposals of the European Parliament for the amendment of the Treaties <sup>(3)</sup>,
- having regard to its resolution of 11 July 2023 on the implementation of the *passerelle* clauses in the EU Treaties <sup>(4)</sup>,
- having regard to its resolution of 7 May 2025 on a revamped long-term budget for the Union in a changing world <sup>(5)</sup>,
- having regard to its resolution of 12 March 2025 on the white paper on the future of European defence <sup>(6)</sup>,
- having regard to Article 48 of the Treaty on European Union (TEU),
- having regard to the *passerelle* clauses in the EU treaties,
- having regard to the treaty provisions on enhanced cooperation and permanent structured cooperation,

<sup>(1)</sup> OJ C 465, 6.12.2022, p. 109.

<sup>(2)</sup> OJ C 493, 27.12.2022, p. 130.

<sup>(3)</sup> OJ C, C/2024/4216, 24.7.2024, ELI: <http://data.europa.eu/eli/C/2024/4216/oj>.

<sup>(4)</sup> OJ C, C/2024/3996, 17.7.2024, ELI: <http://data.europa.eu/eli/C/2024/3996/oj>.

<sup>(5)</sup> Texts adopted, P10\_TA(2025)0090.

<sup>(6)</sup> OJ C, C/2025/3151, 20.6.2025, ELI: <http://data.europa.eu/eli/C/2025/3151/oj>.

- having regard to Article 122 of the Treaty on the Functioning of the European Union (TFEU),
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Constitutional Affairs (A10-0196/2025),
- A. whereas the Draghi report, drafted by Mario Draghi and prepared at the request of Commission President Ursula von der Leyen, offers a comprehensive diagnosis of the structural challenges the EU is facing, warning that the EU risks prolonged sluggish economic growth that could ultimately threaten prosperity and social welfare; whereas the Draghi report outlines how Europe can no longer rely on many of the factors that have supported growth in the past;
- B. whereas a wide gap in GDP has opened between the EU and the United States, increasing from over 15 % in 2002 to approximately 30 % in 2023 as measured at 2015 prices; whereas this is primarily caused by a more significant slowdown in productivity in Europe and the EU's failure to capitalise on the digital revolution led by the internet and the associated potential productivity gains, partly due to the fragmentation of the European single market;
- C. whereas the Draghi report identifies closing the innovation gap, a joint plan for decarbonisation and competitiveness, increasing security and reducing dependencies, and delivering on the EU's economic, environmental and social objectives as the fundamental bases for Europe's future growth; whereas it assesses that this will require an increase in investment levels of around 5 % of the EU's total GDP, amounting to a minimum of EUR 750-800 billion of additional annual investment;
- D. whereas global demand for critical raw materials is rapidly increasing owing to the clean energy transition, while Europe is also hugely reliant on imports of digital technology, notably for chip production, since 75-80 % of global wafer fabrication capacity is in Asia; whereas a genuine EU 'foreign economic policy' should be developed to retain the EU's autonomy and competitiveness in this critical field, as well as in other strategic sectors;
- E. whereas both the Letta report, drafted by Enrico Letta and commissioned by the European Council, and the Draghi report highlight that the single market proved, from the beginning, to be a formidable boost for the EU's economy and a powerful factor in its attractiveness, and continues to be a cornerstone of European integration and values, serving as a powerful catalyst for growth, prosperity and solidarity; whereas the international landscape has profoundly changed, however, highlighting the need to further deepen and complete the single market in order to achieve its full potential;
- F. whereas the Draghi report identified that a minimum of EUR 750-800 billion of additional annual investment is required to restore EU productivity and deliver on the EU's environmental and social objectives;
- G. whereas EU support for both public and private investment is constrained by the size of the EU budget, its lack of focus, its complex governance framework, and an overly cautious attitude to risk; whereas common EU investment, including jointly financed market-based initiatives, is essential for challenges that transcend national borders to be addressed, by enabling economies of scale, fostering strategic autonomy while protecting and promoting cohesion across the Union, attracting private capital, enhancing the EU's global competitiveness in critical sectors, as well as by financing and providing other European public goods;
- H. whereas the attempt to create the capital markets union (CMU), set by Commission President von der Leyen as a strategic priority, has yet to achieve its objectives over the past decade; whereas the work on the CMU to date highlights that the full integration of financial services within the single market is essential for the fulfilment of the EU's strategic economic policy objectives;
- I. whereas the Draghi report provides a comprehensive analysis of the EU's economic governance and competitiveness;
- J. whereas the accession processes of a number of countries have gained new momentum since the Russian war of aggression against Ukraine, leading to a situation in which the EU has to prepare itself for the next enlargement rounds and improve its decision-making processes to ensure that it is able to function efficiently with an increased number of Member States; whereas the Draghi report notes that the Commission's legislative activity has been growing and that the EU should be rigorous in applying the subsidiarity principle; whereas the Draghi report also points out that the EU's decision-making rules have not substantially evolved with EU enlargement and that they need to be strengthened and streamlined in view of future enlargements and the complex global environment; whereas enlarging the single market has considerable potential to grow the EU's economy and strengthen its geo-economic position;

- K. whereas the Draghi report also considers that the national veto is instrumentalised by multiple governments to delay or dilute action through the decision-making process; whereas the report also underlines, however, that while strengthening the EU requires treaty change, much can be done through targeted adjustments; whereas the report therefore argues that a new industrial strategy for Europe needs to be accompanied by parallel improvements to the institutional set-up and functioning of the EU;
- L. whereas the Draghi report highlights the need to simplify the European decision-making process to facilitate the adoption of measures to enhance the EU's competitiveness and economic growth, as well as to ensure that decisions are taken in a timely and efficient manner;
- M. whereas the Draghi report clarifies that strengthening the EU's political and institutional model is possible within the existing legal framework, by applying targeted streamlining measures, without the need for treaty change; whereas the report argues that such measures should focus on deregulation rather than increasing the number of EU rules and procedures;
- N. whereas the Draghi report identifies digital transformation and the development of artificial intelligence (AI) as key drivers of future European competitiveness; whereas the EU has so far missed critical opportunities in the digital revolution, and continues to lag behind global leaders in AI capabilities, data infrastructure and the scaling of deep tech;
- O. whereas the Draghi report stresses that the EU must strengthen its strategic autonomy and defence capacity by overcoming market fragmentation, enhancing interoperability and consolidating the European defence industry; whereas the Niinistö report complements this vision by highlighting the need to improve risk preparedness, crisis response and the resilience of critical infrastructure and supply chains; whereas both reports underline that a credible European defence union requires an integrated governance framework and sustained, coordinated investment at EU level;

### **General considerations**

1. Welcomes the Draghi report, its findings and its call for action; supports the analysis that Europe is facing an existential challenge which requires an unprecedented institutional effort to remain competitive and deliver growth in today's rapidly changing geopolitical context; stresses that such a response must be anchored in the Union's democratic governance, the balance of powers between the institutions, and respect for the treaties; calls for a renewed European strategy that enables the Union to take timely and effective decisions to ensure its competitiveness and sustainability;
2. Highlights the fact that, as stated in the Draghi report, the EU urgently needs to improve its institutional governance; stresses that these improvements should be accompanied by a clear and inclusive communication strategy aimed at keeping citizens involved and informed about the benefits deriving from them, to ensure full public support and foster a sense of belonging and common responsibility; underlines that this, together with the need to abandon fragmented national approaches and strengthen a refocused, accelerated and simplified decision-making process at EU level, will enable the Union to act more efficiently and effectively where it matters most, as a true global actor; acknowledges the importance of addressing blockages in the Council in several areas; supports all initiatives aimed at developing a more effective decision-making process, which is key to enhancing the EU's competitiveness, while fully respecting the principles of subsidiarity and proportionality as laid down in Article 5(3) and (4) TEU;
3. Stresses that the key domains needing strategic policy reform to boost the EU's competitiveness are the completion of the European single market, the creation of the savings and investments union (SIU), improvements to the efficiency of the EU budget and its implementation, the maintenance of high levels of social protection and social and labour rights, the deepening of a European model of AI and digital transformation, and the development of a European energy union and a European defence union;
4. Stresses that the strategic policy reforms and the proposed changes in the EU's institutional architecture should be seen as inextricably linked aspects to be implemented hand in hand, to boost a more competitive EU;

**Refocusing, accelerating and simplifying the governance of the EU**

5. Welcomes the efforts to refocus and simplify the EU's work through strategic prioritisation and institutional efficiency; calls for a strengthening of the EU's capacity to act where it adds clear value, grounded in the principles of subsidiarity and proportionality; underlines that simplification, subsidiarity and proportionality must lead to smarter, more effective legislation, and should not lead to disengagement from areas needing EU-level action; highlights that effective interventions in policy areas conducive to higher economic competitiveness require the adaptation of the competences conferred on the Union in the treaties; stresses that this simplification and renewed focus must also be reflected in a more efficient and leaner institutional set-up, including a reorganisation of the Commission and the College of Commissioners to enhance the EU's effectiveness and capacity to address evolving challenges and strengthen its role on the global stage;
6. Takes note of the Commission's Competitiveness Compass, built on the vision of the Draghi report, and its focus on the need for greater strategic autonomy and resilience and the urgency of boosting the EU's competitiveness, based on sustainability, innovation and energy security, as well as social, economic and territorial cohesion; acknowledges that the emphasis of the Competitiveness Compass on regulatory efficiency is essential for driving innovation, attracting investment and enabling sustainable growth; supports the introduction of tools to assess the impact of new proposals on small and medium-sized enterprises and on competitiveness, and recommends the regular monitoring of progress and the promotion of digital solutions to ease administrative procedures; underlines the need to address labour and skills shortages as a structural challenge to competitiveness across Member States; stresses, however, that the Competitiveness Compass needs to be further improved by strengthening the EU's institutional set-up;
7. Welcomes the idea of strengthening EU decision-making on targeted and strategic competitiveness priorities; considers that any competitiveness coordination tool should serve as an overarching institutional framework, enabling the EU not only to coordinate EU and national policies but to act as a single entity; stresses that such a tool should be led by the Commission, overseen by Parliament and the Council, and subject to independent evaluation based on its effectiveness and transparency and the achievement of its objectives; highlights that cooperation with national parliaments and regulatory authorities is necessary to ensure democratic legitimacy; underlines that the involvement of social partners and stakeholders must be embedded in the EU's governance to ensure inclusiveness and accountability;
8. Welcomes the objective of accelerating the work of the EU and reiterates its call to progress towards greater efficiency in decision-making, including moving to qualified majority voting (QMV) and the ordinary legislative procedure, when it is needed, in key policy fields; notes that higher voting thresholds should be envisaged in some areas of vital importance; notes that in the past, solutions have been found that made decision-making processes more decisive; highlights, for example, the fact that the Treaty of Amsterdam introduced qualified majority voting, while also including the possibility of constructive abstention in certain policy fields;
9. Urges the European Council to discuss the proposals set out in Parliament's resolutions of 9 June 2022 and 22 November 2023 regarding convening a convention in accordance with the ordinary revision procedure provided for in Article 48 TEU, and to consider, where possible, targeted amendments to the treaties via the simplified procedure established under Article 48(6) TEU to speed up essential and urgent reforms; recalls the conclusions of the CoFE, and urges the Commission and the Council to take concrete and timely steps to follow up on these recommendations; considers that the run-up to a compromise on the next multiannual financial framework constitutes an important window of opportunity to intensify work on strengthening of the EU's institutional set-up;
10. Recalls the conclusions of the CoFE, in particular the need for treaty reform, and urges the Commission and the Council to take concrete and timely steps to follow up on these recommendations;
11. Reiterates its commitment to enhancing the EU's capacity to act swiftly and effectively and to improve the efficiency of decision-making in key policy areas; reiterates its call for the extension of QMV and the ordinary legislative procedure to key policy fields, when required, using the *passerelle* clauses as provided for in the treaties, to improve the EU's ability to act rapidly and effectively;
12. Calls on the Council to consider the recourse to enhanced cooperation pursuant to Article 20 TEU in cases where unanimity voting does not allow important decisions to be taken for the EU as a whole in key policy areas; underlines that enhanced cooperation is based on the legitimate needs of the Member States, when the objectives of such cooperation cannot be attained within a reasonable period by the Union as a whole; highlights that enhanced

cooperation offers two important safeguards, namely the consent of Parliament and judicial review by the Court of Justice of the European Union (CJEU), and that decisions taken under enhanced cooperation are based on a Commission proposal; underscores that the core purpose of enhanced cooperation is the simplification of decision-making; advises participating Member States to activate the specific *passerelle* clause enshrined in Article 333 TFEU to switch to QMV and to the ordinary legislative procedure in enhanced cooperation; notes that the Draghi report proposes that where unanimous agreement to introduce QMV cannot be reached, willing Member States could also consider resorting to intergovernmental cooperation;

13. Stresses that improving the EU decision-making process requires the empowerment of Parliament by placing it on an equal footing with the Council and calls for Parliament's role in the legislative process to be strengthened; reiterates its call for Parliament to gain the full right of legislative initiative; highlights the importance of modernising Parliament's right of inquiry to strengthen democratic control over the EU executive;
14. Considers the potential of Article 122 TFEU as a tool for swift EU action strictly in crisis situations, but stresses that its use requires strong oversight, not only by the CJEU but also by Parliament; stresses the need to ensure close cooperation between the Commission, Parliament and other relevant EU institutions and bodies; calls for the procedures for activating Article 122 TFEU to be clarified and made more systematic, notably by empowering both co-legislators to decide on its activation;
15. Stresses the urgent need to improve the EU's institutional and financial framework to ensure it remains functional, democratic and competitive, and that it is able to absorb new members and promote their successful integration, in view of future enlargements; reaffirms, therefore, that enlargement must go hand in hand with the strengthening of EU governance; encourages dialogue between the EU and the governments, parliaments and civil society of candidate countries on any proposals for changes of the EU's institutional set-up that are envisaged; acknowledges the importance of initiatives such as the European Political Community (EPC), which enable political cooperation and contribute to regional dialogues, and which could facilitate the gradual integration of candidate countries into the Union and its policies, without being alternatives to EU membership; highlights that Parliament should be regularly informed and consulted on developments in the EPC, in order to ensure democratic accountability and coherence with the EU's institutional framework;

### ***Efficient EU governance in key policy areas***

16. Calls for the European single market to be completed, as enshrined in Articles 26 and 114 TFEU and Article 3(3) TEU, in order to unleash its full potential and to overcome the remaining barriers, including unfair international competition, with a view to countering high energy prices, skills and labour shortages, difficulties in accessing capital, fragmented implementation of EU rules, insufficient support for digital and green transitions and high administrative burdens for citizens and enterprises, and for economic growth, social, economic and territorial cohesion, and cultural exchange to be promoted within the EU; calls for the development of a European integrated capital market, as envisaged by Articles 26 and 63 TFEU, through a newly established SIU, building on the incomplete CMU; calls for a strengthened European Securities and Markets Authority, under the legal basis of Article 114 TFEU, to enhance supervisory convergence and cross-border coordination within the framework of the SIU; notes also that the Letta report recognised the importance of the single market's economic power to the EU's global and trade ambitions, including in economic relations with strategic partners;
17. Supports the addition of a 'fifth freedom' to the existing four, as suggested by the Letta report, to enhance research, innovation, knowledge and education for researchers, innovators and workers in the single market;
18. Calls on the Commission to ensure that future initiatives to strengthen EU competitiveness and deepen the single market are anchored in measures that enhance economic, social and territorial cohesion as enshrined in the treaties; stresses that institutional mechanisms for equal opportunities, solidarity and the reduction of inequalities must be fully embedded in the EU's governance system; reiterates its call for the implementation and monitoring of the European Pillar of Social Rights to be strengthened through EU governance structures, thereby embedding social progress as a core element of EU decision-making;
19. Reaffirms that the objectives of the single market should align not only with the right to free movement, but also with the 'freedom to stay', as outlined in the Letta report; calls on the Commission, therefore, to assign responsibility for the 'freedom to stay' to one of the Commissioners, with a portfolio including cohesion policy and services of general

interest, and, with the aim of ensuring that policies on the 'freedom to stay' are carefully tailored to a region's specific characteristics and of honouring the socio-economic and cultural diversity of the regions in the EU, to establish a structured and continuous dialogue between the Commissioner and the regional authorities of the Member States; recognises that fostering infrastructure development, community building, job creation, access to public services and a suitable environment for industries and investments is essential to upholding the right of people to stay in their regions and contributes to the EU's economic development and competitiveness; stresses the importance of keeping cohesion policy a strong part of the EU budget, ensuring it responds more effectively to the specific needs of regions and cities, including by providing more direct access to EU funds; highlights the need for cohesion policy projects to be deployed more efficiently and visibly on the ground, delivering tangible results that strengthen citizens' sense of belonging and support for EU integration;

20. Emphasises that the EU should act more effectively in strategic areas, complementing national efforts and supported by a mix of EU own resources and coordinated contributions, and that such action would strengthen Europe's competitiveness, innovation, economic resilience, social and territorial cohesion, environmental and energy sustainability, and collective security; stresses, in the light of the findings of the Draghi report, the need to maintain an open and forward-looking debate taking into account the lessons learned from the experience of NextGenerationEU; highlights, the importance of creating EU-level investment instruments and tools to finance strategic joint investments in European public goods and services, and the importance of adjusting funding programmes in order to take into account the changing dynamics of trade and innovation; stresses that genuine new EU own resources are key to enabling Parliament and the Council to adopt flexible budgets to empower the EU to act more autonomously and reduce its dependence on national budget contributions; highlights for example that the carbon border adjustment mechanism is a candidate for a new EU own resource which enjoys a high level of support among Member States; recalls Parliament's position in its proposal on the 2028-2034 multiannual financial framework on the need to go beyond the self-imposed rule according to which the size of the EU long-term budget must not exceed 1 % of the aggregated gross national product of the Member States;
21. Stresses that, with a view to maintaining and enhancing the EU's global competitiveness, the EU budget should be simplified to cut unnecessary administrative burdens, to ease access to funds for beneficiaries and to better serve the objective of enhancing economic, social and territorial cohesion by ensuring that funding reaches those who need it most, in particular small and medium-sized enterprises, local communities and social economy actors, including in rural, peripheral or economically disadvantaged areas; recalls, however, that simplification efforts must not bring any prejudice to the fundamental principles underpinning the multiannual financial framework and its programmes, nor weaken democratic scrutiny over their implementation; stresses that simplification must be accompanied by strong guarantees for equal access, non-discrimination and effective accountability, with Parliament ensuring democratic oversight throughout the funding cycle;
22. Underlines that achieving the EU's competitiveness goals requires embedding climate neutrality and sustainability objectives within the EU's institutional and governance framework; stresses that reforms must respect treaty provisions, including Article 194 TFEU, and be subject to strong democratic legitimacy through the involvement of Parliament in their design, financing and oversight; emphasises the importance of strengthening interinstitutional coordination and ensuring that decisions in this area are subject to effective parliamentary scrutiny, thereby reinforcing the Union's democratic foundations;
23. Calls on the Commission and the Member States, in view of existing geopolitical challenges, to set up a genuine European defence union and to boost European defence industrial investment, in particular by resorting to truly European instruments, with new financing, coupled with a complete programme for defence, including against hybrid attacks, ensuring that planning, development, procurement, and management of capabilities is done together, in groupings of significant numbers of Member States; calls on the Commission to improve the consistency between existing and future instruments, including at the level of governance, in order to ensure effective democratic control of the new defence union; calls for the EU to overcome market fragmentation, in line with the recommendations of the Draghi, Letta and Niinistö reports, by creating a single market for defence where binding common rules apply; notes that such common rules would guarantee fair competition and ease the cross-certification of defence products while ensuring full interoperability and interchangeability, bring economies of scale, and enhance capabilities and resources; calls on the Commission and the Member States to embed defence investments in a broader security

concept that also includes common European initiatives, in particular European Defence Projects of Common Interest, strengthening critical infrastructure and the advancement of research and development projects and thereby creating and retaining quality jobs; calls on the European Council to agree on the activation of Article 42(2) TEU with a view to establishing a common Union defence policy; underscores that the new defence union must complement and not replace NATO; takes note of the fact that Member States have embarked on the progressive framing of the European defence policy, while establishing the European Defence Agency (EDA) and starting Permanent Structured Cooperation (PESCO); calls on the Member States to continue working on the progressive framing towards establishing a European defence union with a common defence; recalls that the establishment of the start-up fund, the EDA and PESCO, as well as the use of the EU budget, are governed by QMV; recalls that a group of Member States may, pursuant to Article 44 TEU, also decide to use QMV;

24. Stresses that the strengthening of AI governance must be based on transparency, the protection of fundamental rights and the safeguarding of the public interest, in line with the EU's rules-based approach; calls on the Commission to enhance the role of the existing European AI Office; welcomes the AI continent action plan for the development of an EU 'AI model', based on cooperation between public and private actors;

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25. Instructs its President to forward this resolution to the Council, the Commission, the European Council and the governments and parliaments of the Member States.

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