

A look at the reports of Enrico Letta and Mario Draghi

CATALONIA: THE ENGINE OF A NEW EUROPE

How the new European
competitiveness framework
affects the Catalan economy





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CATALONIA: THE ENGINE OF A NEW EUROPE

“ We need to prepare a plan for a united Europe as though it were possible today, and reject the laziness of those who always put it off until tomorrow. If it really is possible, what is possible can be achieved today.”
Ursula Hirschmann

Europe represents an ideal of democratic, civic, economic, and social excellence and, perhaps above all, a space for peaceful coexistence, full of imperfections and always under construction. It is worth keeping this in mind in key moments like the one the European Union (EU) is going through today.

History has vindicated those who, like Jean Monnet, predicted that this project would be forged during crises. It is true that the European Union has sought to find innovative solutions for each challenge, and that these have strengthened the interdependence between its members. Nevertheless, the most recent challenge involving the Trump administration has struck an unexpected nerve: it affects how an open Europe has sought to operate in a world of rules and agreements, hand-in-hand with its greatest ally since the end of the Second World War.

This unexpected challenge has been heaped on top of a pre-existing existential threat that the current geopolitical challenges may eclipse, and that Mario Draghi (former president of the European Central Bank, or BCE) warned of in his report *The Future of European Competitiveness*. Draghi noted that the EU's economic and commercial power is shrinking globally, and there is much to be done in terms of productivity and innovation if we want to perpetuate the European social model.

His diagnosis aligns with what former Italian prime minister Enrico Letta noted in his report *Much More than a Market*. It emphasizes the potential of eliminating all remaining barriers within the internal market while also ensuring the necessary social support. We still do not know which measures from these proposals will be put into practice, especially when there are new priorities like defence. However, it is clear that Draghi and Letta outlined a new framework that is already noted in the *Competitiveness Compass*, a document recently adopted by the European Commission. It proposes specific measures for promoting innovation, decarbonization, and the reduction of external dependencies. It seems that the European Commission has taken note of some aspects, such as administrative simplification.

Catalonia is a part of Europe—one of its engines. Instead of simply applying the rules handed down from Brussels, it also seeks to make its own contributions. Part of the Catalunya Europa Foundation's mission is to generate the opportunities and spaces to make this possible.

To this end, last November we organized the 2024 Ciutat Europa Conference on Catalonia's role in this new competitiveness framework. This led us to prepare and publish this text, in which we have sought to include the voices of representatives from Catalonia's economic, social and institutional sectors.

On behalf of the Foundation, I would like to thank all of the individuals who contributed to this publication, either as experts or as representatives of the public and private sectors. By expressing the perspective of their sector not only do they help us grasp the current situation, but they call for transformative action.

Given the rapid pace of current events, some of the valuable reflections we have collected predate the transatlantic rift. But, not only have they not lost relevance; we believe they should be included to keep alive and enrich the debate on the future of the Europe we want.

More than 20 years ago, Pasqual Maragall said: "To be a global player, Europe needs to advance simultaneously on three fronts: strengthening the Union, respecting diversity, and becoming more accessible to citizens. Europe is not viable if it lacks unity, devolution and proximity all at once."

We would not want the current urgency of security and defence to push aside other priorities, like the current model for a green and digital transition, the need to empower the most vulnerable parts of the public to face the challenge of these changes, the creation of a European industrial strategy, or the common financing of the EU's ambitious goals. At a time of citizen disaffection towards institutions and growing Euroscepticism in some sectors of the population, it would make no sense to speak of common defence unless, at the same time, we promote a shared future in foreign policy and international cooperation. It would make no sense to move forward with greater economic, fiscal or financial integration (which are essential) without ensuring a sturdy European social pillar and greater democracy. Likewise, it would make no sense to strengthen the role of states without promoting a federal Europe where European regions—like Catalonia—play a key role, and cities serve as true economic and innovative agents.

Dolors Camats Luis,
director of the Catalunya Europa Foundation

CATALONIA,
A PILLAR OF
EUROPEAN
INDUSTRIAL
COMPETITIVENESS

Europe has always been a continent of industry, entrepreneurship and innovation—and Catalonia is a leading region in these three basic areas. In addition to a solid industrial and manufacturing base, it has the largest concentration of startups in southern Europe, as well as a great many centres of excellence in research. Catalonia is a leader in exports thanks in large part to its small- and medium-sized companies, and it is capable of training some of the world's most talented individuals with a first-class network of universities. It is no surprise that Catalonia once again holds the presidency of the Four Motors for Europe, an association for interregional cooperation that also includes Baden-Württemberg, Lombardy and Auvergne-Rhône-Alpes.

As Mario Draghi noted in his report, we find ourselves at a crossroads of history: “At this existential moment [...] we must genuinely fear for our self-preservation, and the reasons for a united response have never been so compelling.”

As a result, the second Von der Leyen Commission has placed competitiveness and security among its top priorities. Based on the conclusions of the Draghi and Letta reports, at the end of January the Commission presented the Competitiveness Compass. This initiative has three goals: to close the innovation gap, build a joint strategy for decarbonization and competitiveness, and reduce our external dependencies.

So, what role can Catalonia play in this new European context? Once again, it is destined to lead an industrial revolution driven by sustainable competitiveness. Spain is the fourth most industrialized country in Europe, and Catalonia is one of the regions on the industrial vanguard. On March 14th, Executive Vice-President for Prosperity and Industrial Strategy Stéphane Séjourné visited Catalonia to mark the first 100 days of his mandate working for European industry. There, he visited two industrial hubs that are key to the European Union. The first was the petrochemical cluster in Tarragona, home to some of the most important decarbonization projects backed by the EU Innovation Fund: L'Ecoplanta del Morell, which transforms non-recyclable waste into methanol for ships; an electrolyser for producing renewable hydrogen on an industrial scale; and a CO₂ storage facility. Next, he visited Celsa, Europe's leading producer of low-emission circular steel, and announced the European Commission's action plan for steel and other metals. Both examples show that industrialization and decarbonization go hand-in-hand, and that together—with the coordinated support of the European Commission, the Spanish Government and the Government of Catalonia—we can improve our essential sustainable competitiveness and preserve quality jobs in Europe.

Everything we have mentioned so far refers to sectors from the last industrial revolution. But Europe, Spain and Catalonia must also invest heavily in the new digital revolution, especially to catch up with our global competitors in artificial intelligence (AI) and quantum technologies. Barcelona hosts one of the EU's 13 AI factories, a facility that will benefit not only the scientific community, but SMEs and startups. The EU seeks to increase the percentage of European companies that use AI, which is currently at only 13.5%. As for quantum technologies, Barcelona is also home to the first quantum supercomputer made entirely of European technology—a significant achievement in strategic autonomy and a piece of technology that will revolutionize both research and society.

Speaking of research, I would like to emphasize Catalonia's enormous potential as the third European region in securing European competitive funds, especially from Horizon Europe. The strong performance of researchers, research centres and universities, small and micro businesses (and, in general, Catalonia's innovation and business ecosystem) serve as a benchmark for the rest of Spain and Europe as a whole.

Now we all need to work to simplify the administrative hurdles faced by SMEs and researchers, and to ensure that our research makes it to the market. To do so, we need investments that are more abundant and of better quality, and that include both public and private funds. These investments are essential to increase accessibility and reduce the cost of strategic resources (energy, raw materials, water, infrastructure, technology, etc.), eliminate the risk of relocation (including due to carbon leakage), and attract and retain global talent.

At the Representation of the European Commission in Barcelona, we will continue to work closely with local industrial innovation ecosystems (traditional industries, clean technology, biotech, and deep tech) to develop and highlight projects that have real local repercussions. At the end of the day, industrial projects in Catalonia make us all stronger at the European level.

We know that we can count on the constant support of the Catalunya Europa Foundation in this vital endeavour, and we value and sincerely appreciate it.

Manuel Szapiro,
director of the Representation of the European Commission in Barcelona

AN OVERVIEW OF THE DRAGHI REPORT
A MORE
PRODUCTIVE AND
COORDINATED
EUROPE

The European Union is facing an existential challenge: if it can no longer ensure that European citizens can benefit from fundamental values like prosperity, equality, freedom, peace and democracy in a sustainable setting, it has no reason to exist. This is a real danger. This was written in no uncertain terms by Mario Draghi, author of *The Future of European Competitiveness*, a report requested by the European Commission with the goal of designing a competitiveness strategy to avoid Europe's decline.

A success story

27 member states have succeeded in building a single market of 440 million consumers and 23 million companies, representing 17% of the global gross domestic product (GDP), with levels of income inequality 10% below those found in the United States and China. At the same time, they have ensured a foundation of health, education, environmental and governance protections. Life expectancy is higher in the EU, which also leads the world in sustainability.

A widening gap

Nevertheless, a widening gap has opened between the EU and the US in terms of GDP, which has risen from 15% to 30% over the last two decades; meanwhile, China has gained ground. Key factors such as demographic trends, the opening of global commerce or access to cheap energy from Russia have changed radically. From now until 2040, the workforce will shrink by two million people each year; Donald Trump's return to the White House has revived protectionism; and the cost of electricity is two to three times higher in the EU than it is in the US. All this unfolds against a backdrop of geopolitical tensions.

A pending assignment

According to the Draghi report, the key to avoiding Europe's economic decline is increasing *productivity*.

EU labour productivity, which in 1995 was 95% of that of the US, has fallen below 80% over the past two decades.

A proposal based on three pillars

The former president of the ECB proposes a plan based on three pillars:

- *Innovation.* Close the gap with the US and China in innovation, especially in advanced technologies and AI. Do so without worsening social exclusion problems by training and reskilling a large part of the population, providing them with more digital skills. No European companies with a market value above €100 billion have started from scratch in the last 50 years. In this time, the US has been the birthplace of six companies with a market value of more than €1 trillion. Only four of the world's 50 most important advanced technology companies are European. European companies, which are generally specialized in mature technologies, invest €270 billion less in R&D and innovation than their American counterparts (2021). Furthermore, they have a hard time turning innovation into commercial success. Only one-third of patents registered by European universities are exploited commercially, and nearly a third of companies born in Europe with a value of over \$1 billion ("unicorns") have relocated to the US in the search for the funding they need to grow.
- *Decarbonization.* Launch a plan for the decarbonization of industry that helps make us more competitive while also reducing the energy prices that were destabilized by Russia's invasion of Ukraine, benefitting the planet and fostering growth. The EU is the world leader in clean technology like wind turbines, electrolysers, and low-carbon fuels, and it represents one-fifth of global development in clean and sustainable technologies. Nevertheless, it is losing ground to China in the electric vehicle sector, and its annual solar power production capacity is expected to double the global demand. We need a gradual energy transition, even though in the coming decade fossil fuels will still play a key role in defining prices. The report emphasizes the importance of interconnecting European grids and creating a common market for energy.
- *Security and interdependence.* Economics and defence used to follow different paths; this is no longer the case. We need a true external economic policy that includes preferential trade agreements, direct investments and industrial alliances—especially with energy-rich countries. This is key for the ongoing technological revolution and for strengthening supply chains. This pillar requires that we reduce our dependency on raw and strategic materials—especially from China—as well as key components for the new technological world, like chip production. Between 75% and

90% of semiconductor wafer manufacturing capacity is in Asia. This means that we need to diversify our producers. Furthermore, the report proposes ending the fragmentation of Europe's defence industry, which needs greater capacity, standardization and equipment interoperability. The defence spending of all EU countries combined is one-third of the US'. Only ten EU members spend 2% or more of their GDP on defence, in line with the commitments of NATO members.

In Draghi's view, Europe lacks focus: beginning with a limited budget (1% of the EU's GDP), it sets common goals without backing them with clear priorities and political actions. His report concludes that the EU wastes shared resources by dispersing its enormous collective spending capacity across multiple national and EU-level tools. Finally, Draghi criticizes the EU's capacity to coordinate when it matters most.

According to Mario Draghi, what needs to be done?

Invest more. At least €750 billion to €800 billion in additional investments are needed, in addition to those that are already planned. Most would go towards the digital and energy transitions, innovation, and defence and security. This amount is between 4.4% and 4.7% of the EU's GDP for 2023. By comparison, it is twice what the Marshall Plan spent to rebuild Europe after World War II (which was between 1% and 2% of the GDP). The level of investment needs to increase from 22% to 27% of the EU's GDP after decades of decline. There is a gap between private productive investment in the EU and the US that public investment has not made up for. According to Draghi, on its own the private sector cannot lead this charge if a significant effort is not made by the public sector. He also insists that the more productive Europe is, the more fiscal space governments will have to increase public spending. Boosting productivity means reducing public costs. A 2% increase in productivity over ten years could cover one-third of the total fiscal effort required. As for spending in R&D&I, the EU actually spends the same amount as the US (in terms of percentage of the GDP), but only one-tenth of that spending is at the European level. The report encourages redirecting investment to a small number of shared priorities while focusing on disruptive innovation. It also proposes issuing common debt (eurobonds) to fund investment exclusively in key European projects that improve the EU's competitiveness. Draghi proposes moving towards a capital markets union so that private savings can be channelled into investments across the EU. He calls for the development of

European capital markets with the expansion of private pension funds, which make up just 32% of GDP in the EU as compared to 142% in the US or 100% in the United Kingdom. Private pension systems are concentrated primarily in the Netherlands, Denmark and Sweden (62% of all EU funds).

European industrial strategy requires a good coordination of the industrial, trade, and competition strategies of different member states, as current responses to the new global context are currently fragmented and not very effective (and at times, even duplicative). AI needs to be integrated into Europe's industrial sector. Different tools can be used to put this strategy into practice: fiscal policies can be combined to incentivize domestic production, trade policies can be used to penalize anti-competitive behaviour abroad, and a true exterior political policy can be used to guarantee supply chains. As for state aid, Draghi proposes restricting it once again, while promoting public aid for projects that are deemed of common interest. It is important to keep Europe's share in global trade from shrinking even further, something that has accelerated since the pandemic. One of Draghi's proposals is to create a new legal category for innovative European companies, with a single digital identity valid throughout the EU and access to harmonized legislation. He also encourages the elimination of "regulatory obstacles". He does not call for deregulation, but for the "right" balance between innovation and precaution.

Do not forget social inclusion. Draghi admits that technological progress and social inclusion do not always go hand in hand. As a result, he proposes using data to identify digital gaps and invest in education and reskilling at all stages.

AN OVERVIEW OF THE LETTA REPORT
COMPLETING THE
SINGLE MARKET
SO IT IS MORE
THAN A MARKET

Europe needs to expand and develop a new common market, because eliminating borders in sectors where they still exist will be a catalyst for growth, prosperity and solidarity. This leap—focused on pending assignments in telecommunications, energy and finances—is the main contribution made by the former Italian Prime Minister in his report *Much More than a Market*, commissioned by the European Council.

Why a larger scale?

The current internal market was born in the days of Jacques Delors, in a simpler and “smaller” world, and it was designed to protect domestic industries. Two decades ago, Europe—like the United States—was at the centre of the global economy, and the two carried comparable weight. China and India, meanwhile, only represented 5% of the global GDP. The European project was also small, both in terms of the number of member states and their level of integration. The context has changed radically since 1992. Today, 80% of the legislation in EU countries is the result of decisions made in Brussels. Scaling up is necessary to compete globally. We need to act quickly, and we need financial resources for a large social and economic transformation. Letta proposes broadening the perimeter of the single market to convert it into a robust platform that promotes innovation, helps to generate employment, protects consumer interests and promotes sustainable development.

Trade conflicts and wars are undermining the principles of the international system, based on respect for law. This is a big shock for an EU traditionally committed to multilateralism, free trade, openness and international cooperation. A geopolitical game of major powers has taken over. The weight of emerging economies overshadows a Europe that is also burdened by an aging population. From 1993 to 2022 the per capita GDP increased by 60% in the US, but by less than 30% in Europe.

What does Enrico Letta propose?

A European scale. European companies are at a disadvantage in terms of size when compared to their global rivals—especially in the US and China. This disadvantage harms the EU’s productivity, innovation, job creation and security. The aim is not to abandon the model based on the link between large and small businesses, nor to undermine fair competition that protects consumers and fosters economic progress. Rather, it is about finding a balance that allows the European market to avoid being dominated by foreign

giants who benefit from favourable rules in their home countries. Increasing size involves dilemmas regarding state aid. Letta proposes a balance between a stricter national aid regime and the gradual expansion of financial support on a European scale. More specifically, he proposes a mechanism where countries contribute part of their national aid budgets to fund pan-European investments and initiatives. The Important Projects of Common European Interest (IPCEI) model should be further developed.

Energy integration. Markets must also evolve toward a European scale, starting with energy. But to advance toward a single energy market, a leap is needed in interconnection networks between countries and in building a core hydrogen infrastructure. The aim is to create a Clean Energy Agency and a Clean Energy Deployment Fund to facilitate investment in this area.

Telecommunications integration. The EU has more than 100 operators, each with just around five million customers. In the US, a handful of operators serve more than 100 million customers each. More investment is also needed at the European level. Letta advocates for a European regulator to address cross-border issues and to align policies on spectrum and the rollout of 5G networks.

Financial integration. Letta proposes a savings and investment union based on the currently incomplete capital markets union to bring an end to the current situation: private savings in the EU amount to €33 trillion, mostly placed in deposits and currencies, yet each year about €300 billion in household savings flows abroad—mainly to the US economy—due to the fragmentation of European financial markets. Money must stay in, and also be drawn in from abroad. Without this savings and investment union, it will be very difficult to resolve internal divisions between countries over the allocation of national and EU public funds to cover the costs of ongoing transitions. Letta proposes the creation of a long-term European savings product with possible tax incentives. Programs are also foreseen to help non-professional private investors invest in SMEs. The idea is to link capital markets with SMEs. A stock exchange for high-tech start-ups is also suggested. The goal is to expand the powers of the European Securities and Markets Authority to centralize supervision of financial markets, securitize assets, and harmonize national insolvency regimes.

The fifth freedom. The internal market framework defines four freedoms: the free movement of people, goods, services, and capital. Letta proposes a fifth freedom to boost research, innovation, and education. The aim is to foster an ecosystem where the spread of knowledge triggers not only cultural

growth, but also social and economic progress. One European sector that could benefit from this initiative is healthcare which, among other problems, suffers from talent drain and dependency on external suppliers of active ingredients. As a result, a centralized digital platform is proposed to provide access to publicly funded research, data, and educational resources—a kind of common European knowledge fund. One goal of this fifth freedom is to position the EU as a leading AI innovation hub. Letta also envisions the development of European programs in certain disciplines. Steps have already been taken with new regulations on digital services, digital markets, AI, data, and data governance.

Legal framework no. 28. Border fragmentation is unhelpful, and so is the bureaucratic burden faced by businesses due to overlapping regulations and the intrinsic complexity of the EU's multi-level system—with state, regional, and local implementation. The report calls for simplifying the regulatory framework, prioritizing regulations over directives for binding legislation. It also stresses respect for proportionality and subsidiarity. A European Code of Commercial Law is proposed to move toward a more unified market, offering companies a “28th regime” (as if it were a new legal jurisdiction alongside the 27 member states) to avoid the patchwork of national and subnational regulations. For SMEs, this could be a very helpful tool.

Interconnectivity. A symbolic example of the shortcomings of the single market is the impossibility of travelling by high-speed train between European capitals—except for the Paris-Brussels-Amsterdam corridor. The EU needs a plan (and resources) to connect them.

The social dimension. Without shared prosperity, the single market will not succeed. Public support may erode if we do not address growing perceptions that it only benefits those with the means and skills to take advantage of it, including large companies capable of expanding across Europe. Cohesion policy was a cornerstone of the single market. Today, 135 million people—nearly one-third of the EU population—live in areas that have fallen behind over the past two decades. Many feel left out, lacking job opportunities, quality education, and adequate services. The same applies to many SMEs in these regions, which see EU regulations as burdensome and offering no advantage. The project must be given a genuine social dimension, offering opportunities for all, ensuring workers' rights and social protection while contributing to growth and competitiveness. Letta assigns an important role to social partners in addressing the EU's challenges.

Commitment to the green and digital transitions. This is a long-term commitment, but its success is linked to financial integration within the internal market. The circular economy is the only way to save the planet and transform the European manufacturing paradigm. Without adequate resources, the systemic costs of the transition will provoke resistance—from farmers to industrial workers and others. Letta sees it as crucial that the benefits of the transitions be clearly positive for citizens, workers, and businesses, so that as the EU gains in competitiveness, prosperity, and sustainability, European social standards can be maintained and improved.

Advancing EU enlargement. An enlarged EU is the best tool to protect Europe's interests and prosperity, and to uphold the rule of law and safeguard EU citizens from external threats. It is important to note that this is one of the main challenges the EU will face in the coming years. The question is how and on what timeline this will be approached. Gradual but meaningful extension of single market benefits to candidate countries must be facilitated, while ensuring stability in their economies and in the internal market. Candidates must unambiguously meet the Copenhagen criteria (democracy, rule of law, minority rights, and human rights). Cohesion policy will remain crucial for existing EU members. A specific solidarity mechanism for enlargement is also proposed.

Improving EU security. The concept of security is approached comprehensively. It includes energy and financial policy, cybersecurity, and decisions related to infrastructure, health, and technology. We need to avoid mistakes like those made over the last two years, when 80% of the money given to support Ukraine was spent on non-European materials; meanwhile, the US provided military aid using domestic suppliers. We must move toward a common market for the defence and security industry.

Funding is essential. Enlargement, the green and digital transitions, and stronger security cannot be achieved without financial support. All possible public and private funds must be mobilized to transform the productive system. For the green transition alone, Brussels estimates €620 billion per year. Letta supports the use of eurobonds as a financing tool for the transformations the EU aims to carry out.

2024
CITTÀ EUROPA
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Ten Economic Mistakes We Cannot Make

Judith Arnal Martínez

Principal researcher at the Elcano Royal Institute
and independent councillor of the Bank of Spain

The reports by Mario Draghi and Enrico Letta show, first of all, a significant competitiveness gap between Europe and the US, as well as between the EU and China. What are the factors behind the EU's growing lag as compared to other jurisdictions? I believe that this divergence occurs in five areas:

Technology. The EU has fallen behind in innovation and the integration of this innovation into the productive fabric. Germany, the king of the analogue economy, is a prime example: it invested in mechanical and chemical engineering—hardware, not software. The result can be seen in the automotive sector: it leads in internal combustion engines but is lacking in electric vehicles. We must be alert to the coming waves of technological innovation and take part in them. Furthermore, knowing how to use innovation is just as important as creating it. According to the European Commission, our companies are not adopting AI, cloud computing, or big data. It can be especially challenging for small businesses to do so.

Energy. Energy costs in the EU are higher than in other jurisdictions, and are also more volatile. High and unstable costs do not encourage investment decisions. Once again, Germany illustrates the EU's mistakes in this field: it relied heavily on cheap energy from Russia. With the new geopolitical scenario, its manufacturing industry has suffered. This underscores the urgency of the green transition. In this area, Spain may, in fact, have a competitive advantage.

Entrepreneurship and alternative financing. Unlike in the US, in the EU 75% of corporate and household financing comes from banks, with only 25% coming from capital markets. This high bank dependency constrains start-up business models, which are riskier and less suitable for bank financing (banks also avoid them to protect financial stability). When start-ups grow into scale-ups, they often move to the US for financing. This results in other jurisdictions selecting and funding our most promising scale-ups. Something must be done about this.

Incomplete internal market. We can obsess over what is going on in the US and China, but first we need to look in the mirror: our main trading partners are other EU countries. We need to complete the internal market, particularly in energy, telecommunications, and finance—this is the core message of the Letta report.

Regulation. There is plenty of talk about regulation in the EU. The European Commission tends to respond to each new issue with a legislative proposal. This is understandable, since the EU's budget is small (only 1% of its GDP). Therefore, Brussels' main tool is legislation, and this makes the EU a strong regulatory actor. We can see this in the volume of legislative proposals made by commissioners this term. The point is not to regulate less, but to regulate better. Member states often worsen Brussels' proposals in order to suit national interests, particularly with regulations. When it comes to directives the issue deepens, as they must be transposed into national laws, adding complexity to the regulatory web with its national, regional, and local legal layers.

According to the proposals in the Letta and Draghi reports—particularly the latter—we risk falling into ten traps we need to avoid:

Where the money comes from. Much of the attention generated by Draghi's report has focused on his proposals for at least €800 billion in additional annual investment and eurobonds. As a pro-European I support this, as they are essential for furthering our economic and monetary union. However, we must not see eurobonds as a cure-all. France, Italy, and Spain all have debt-to-GDP ratios of over 100%. Draghi himself states that 20% of the €800 billion should come from the public sector, while the other 80% should come from the private sector. Even with mutualized debt and lower financing costs, governments would still need to repay this money. With limited fiscal space, it is frustrating to see that we underuse institutions with major financial capacity and skilled personnel, like the European Stability Mechanism (ESM). This intergovernmental eurozone institution provided Spain with a loan to recapitalize the banking sector. It still has more than €420 billion available. Still, the ESM is almost dormant, stigmatized for having managed aid programs during Greece's debt crisis that had severe social consequences. During the pandemic, for instance, while €80 billion of the €100 billion in low-cost loans from the Commission were used (e.g. for furlough schemes), the ESM's parallel health expense credit lines received zero requests.

Realism and the banking union. The banking union, as proposed, is based on three pillars: the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM) to address failing banks, and the common European

Deposit Insurance Scheme. The first has existed for ten years, and it works. The second requires shared financial support that we currently lack, partly because Italy, which had always been in favour of expanding our economic and monetary union, is now against it. Finally, there seems to be no political interest in the third. The European Commission presented a proposal in 2015 that has not even been discussed. France, Germany and the Netherlands oppose moving forward. Instead of blaming a particular country, I believe that the real problem is a lack of realism when it comes to admitting that there is no desire to continue with the proposed banking union, and a lack of political drive to search for ways to move towards a more integrated system.

A flawed diagnosis of capital markets. In 2015, the Capital Markets Union was proposed. In terms of marketing, it seemed perfect—like a continuation of the banking union proposed in 2012. But that marketing generated a flawed diagnosis: the problem with the EU's capital markets is that they are underdeveloped. If the diagnosis is wrong, it is probable that public policies will be misguided. We have seen a series of regulatory proposals that have not significantly advanced the development of capital markets. Now, for example, to achieve this there is a proposal to modify the securitization framework. I am not saying that this framework does not need to be reconsidered, because it is important to free up space on bank balance sheets, given the weight of the banking sector in financing our economy. However, this cannot be presented as the key measure to develop capital markets; it would be another error. The same happens with the creation of a European Securities and Exchange Commission (SEC) that would serve as the sole supervisor of capital markets in the EU. It sounds great in a speech, but will it help to develop our capital markets? Shouldn't we start by harmonizing the supervisory practices of national security markets first?

How to relax state aid. We find ourselves in a phase where industrial policy is being promoted, which is equivalent to talking about public aid. This is understandable: the US and China are doping their companies; if we do not do the same, our companies will be at a disadvantage. But we should remember that unlike the US and China, the EU is not a single jurisdiction: it is a collection of 27, with an interior market that has generated a great deal of value. Generalized state aid that is poorly calibrated and lacks compensation mechanisms would end up harming that interior market. That would especially hurt countries with less fiscal space, like Spain. The European Commission must be careful when it comes to relaxing state aid. There is an idea from the Letta report that I like quite a bit: to compensate for a possible relaxation of the state aid framework, there should be a fund with mutualized resources that finances Important Projects of Common European Interest (IPCEI). If

the state aid framework is modified, which is under Brussels' purview, this modification should go along with the entry into force of competitiveness funds, which would require an agreement between member states. The details of the competitiveness funds must also be seen: the volume, how they are governed, and what they are spent on. Depending on how they are organized, they might end up benefitting the usual states. Now, the IPCEIs have come from Germany and France.

Concentrations without partial approaches. We may make the mistake of thinking that since the US has large tech companies that innovate a great deal, we should promote big champions—possibly national champions—without focusing on talent policies, and without creating the innovative ecosystems we find in the US. It would be a mistake to adopt a partial approach: we could end up with bigger companies that do not necessarily innovate more and that harm consumer welfare. As a result, we need to proceed with caution when modifying concentration rules. We also need to be careful about adopting a protectionist position, especially when it comes to technology. We tend to think that, for strategic uses, it is better for our suppliers to be European. But if we force our companies to only contract services—like cloud services—from less-developed European suppliers, it could end up hurting our competitiveness. As much as possible in such a geopolitical world, we should avoid unnecessarily protectionist approaches.

Lack of coordination in key issues. When we needed to make a decision about tariffs on the importation of Chinese cars, the divisions between member states became evident. Our political rivals are aware of them. Showing this weakness in public hurts our negotiating position. On key issues like this, we need to coordinate. One example that comes to mind is semiconductors. Countries with greater fiscal space have been able to make larger public offers to attract private companies to the sector. Competition between states makes no sense in key matters like semiconductors, and it makes each operation more expensive. It is illusory to think that a single state can fit the entire value chain of semiconductors within its territory. It would be better to give a powerful mandate to the European Commission to exercise this coordination so that it can identify the advantages of different member states throughout the value chain, and so that it can make a coordinated proposal to attract private investors.

Not properly calibrating the EU's external economic policy. It is clear that we are no longer in a multilateral world, but in a transactional world—as a result, we have to sit down and negotiate. And we have the tools to do so. The fear of Donald Trump is understandable. He wants tariffs to correct the

US' trade imbalances. But the imbalances are not in services, but in goods. Perhaps I am wrong, but I believe that tourism services, which are greatly boosting our external economy, can remain calm. As for goods, it is true that the EU is in the US' crosshairs, along with China and Mexico. I also think that, until now, Europe has been a clear ally for the US against China. We should remember the pressure Trump exerted on the EU to try to ban certain 5G service providers, such as Huawei or ZTE. The Biden Administration also pressured the Dutch company ASML not to export to China. For its part, the EU adopted the so-called toolbox for the security of 5G networks, which aims to be a coordinated approach on 5G network security. Its implementation is heterogeneous among the different member states. Trump is hard to predict, but just as the US is a large market for us, Europe is also a major trading partner for the US. Germany is the fourth most important destination for US exports. If they impose tariffs, so can we. I think Trump knows that the key element that brought him to victory is the impact of inflation on voters' perceptions—yet the measures he proposes are inflationary. For example, the massive repatriation of immigrants may negatively affect the US labour market. Therefore, we have to sit down to negotiate with Trump. We can make some concessions, such as importing more liquefied natural gas (LNG) from the US, or applying a principle of proportionality in the tariff rates on vehicle imports: those applied to US vehicles in the EU are 10%, while those the US has applied to ours are 2.5%.

Beyond trade, the EU is quite dependent on the outside, especially for raw materials and key strategic products. China holds many of these materials. It makes sense to diversify suppliers to Latin America and Africa. A mistake we cannot make is to continue acting as we have in the past: arriving in a country with the goal of extracting raw materials and doing nothing more—without developing the value chain in the country that holds the resource, without investing there. That is over. China is investing in America and Africa.

Higher-quality regulation. Another mistake would be to continue with the regulatory practices of the past. I know that it will be difficult to rationalize the existing body of rules, to submit it to a sort of stress test, as the European Commission proposes. I would be satisfied if the new regulations were of higher quality. It would be good to carry out an *ex-ante* impact analysis of the rules, taking into account the opinion of the main affected stakeholders. It is not about pausing regulation and, after a while, returning to it: it is about improving.

Not reversing positive advances. Although in the implementation of the NextGenerationEU funds bureaucratic hurdles may have been eliminated so that the money could reach businesses more easily, we have witnessed

a fairly important philosophical change in the way of doing things in the face of a crisis. This should be acknowledged. We no longer have the view that bureaucrats from Brussels are coming to tell us what we have to do and how we have to do it. There is a process of national ownership, a more negotiated approach. Each member state decides which reforms are most positive and negotiates an agreement with the European Commission. This approach increases the legitimacy of the institutions, which are perceived as more democratic. We should not abandon this approach.

Aligning objectives and resources. The objectives that the EU sets must be accompanied by the means to achieve them, which has not happened in environmental matters. The EU's climate neutrality objectives are very good, but they have been adopted without thinking about whether the means that could be proposed were feasible. The clearest case is the objective that by 2035 internal combustion engine cars can no longer be sold. Now the need to postpone the deadline is being considered, not only because of the impact it has on our industry, but because we do not yet have the infrastructure for electric vehicles ready. In all likelihood, there will not be enough charging points in 2035. You can put anything down on paper, but we have to be realistic. We must also be realistic for companies' sake. Setting an objective and making investment decisions within a regulatory framework and then changing it generates great uncertainty, costs, and problems.

I am aware that there are many challenges. But they exist, and I hope that the EU will be up to the task.

SMEs Deserve a Much More Important Role

Joan Pera Gallemí

CEO of Arpe and president of Pimec Maresme i Barcelonès Nord

I. How are the proposals of the Draghi and Letta reports viewed from the business world?

We see the reports by Mario Draghi and Enrico Letta as an opportunity. We share their diagnosis and believe that they are heading in the right direction, because they accurately identify the challenges we are facing. Europe has lost momentum in recent years compared to China and the United States. Regarding China, even if only for demographic reasons, it must be said that it was inevitable that it would catch up with us. And as for the US, it has grown economically at twice the pace of the EU. But this is a recent phenomenon. In 2011, Europe was the world's leading economy, with 15.5 trillion dollars. Since then, Europe has gone from 15 to 17 trillion, and the US from 15 to 25 trillion: their productivity is incomparable! Plenty of factors can explain this, but there is one key point: we do not lead any cutting-edge sectors: not biotechnology, not electric vehicles, not wind or photovoltaic energy. Not even investment. American or Chinese companies are the ones leading the sectors related to the energy transition, which are growing the most and proving the most productive. Moreover, Europe's population is aging more rapidly than that of China or the US, and this also has consequences for growth capacity. As for European funds and investment, we have a big problem: most of the savings generated in the EU—about €33 trillion—are invested in the US. In fact, Europe only accounts for 5% of the investment capital market, while China captures 52% and the US 40%. And yet, in terms of GDP, we remain the third-largest economy in the world, and the second in terms of trade. That makes no sense. European start-ups end up leaving because their financing is essentially bank-based. The Draghi and Letta reports are good, and we view initiatives like eurobonds positively, as long as they are approached with care and focused on pan-European transformative projects in energy or communications. However, not enough attention is paid to small and medium-sized enterprises (SMEs). The reports also lack a specific section addressing their specificities and challenges.

II. From the SMEs' point of view, what specific problems should be addressed?

Although the reports' diagnoses are accurate, if you leave out 99% of businesses and 70% of employment... That is a major shortcoming! SMEs deserve a much more important role. As the most representative employers' organization in Catalonia and as part of SMEunited, the European SME employers' organization (of which Antoni Cañete, president of Pimec, is vice-president), we have been able to meet with Enrico Letta twice, but have not yet been able to meet with Mario Draghi. SMEs face more difficulties. They generate fewer economies of scale, and we must also keep in mind that SMEs in Catalonia are smaller than SMEs in other countries. Catalan and Spanish SMEs are smaller than their European counterparts, and European SMEs are smaller than those in other regions of the world. This occurs in a single market that is not well integrated, where there are plenty of differences. For example, the NextGenerationEU funds really have been a success, but there is a lack of funds. Financing instruments focused on SMEs should be renewed because SMEs are still leaders in certain sectors, but this has not yet been done. More support for SMEs is needed. The financing problem has worsened since the savings bank system disappeared. If you had a credit line of €100,000, the fact that two entities merged did not mean that you now had €200,000: you had €100,000 from a larger entity. Financing capacity has been lost. For this reason, our position on the BBVA's public takeover bid for Banc Sabadell is well known. In Girona, Lleida, and Tarragona, there is already not enough supply: the situation is oligopolistic. Only in Barcelona is there still competition. Therefore, we believe that cross-border bank mergers are needed. We want a European financial market. On the other hand, we have higher energy costs than our competitors. Naturally, we are in favour of Europe assuming leadership in decarbonization. However, we see that other regions of the world are not headed in the same direction, and we have to be careful. If we are too demanding, we will cease to be economically and socially competitive. We need a debate on the issue. Another important aspect that worries us is the insufficient fight against late payments. We demand a regulation against late payments. European SMEs are paid invoices later than our American and Chinese competitors, and that halts our competitiveness. And in Spain, payments are even slower than in our European partners. On the other hand, we need to be careful with overregulation. If in the US there are 5,500 legislative initiatives, in Europe there are 13,000. And when it comes to EU directives, they then have to be transposed into the

corresponding countries and regions. There is a lot of eagerness at all levels of administration to demonstrate regulatory influence. In general, we prefer more regulation through regulations—which are directly applicable and allow for harmonization—rather than through directives.

III. How do you assess the economic and geopolitical context?

Spain is growing and that is a pleasant surprise, but we also know that it is doing so while doped by investment funds. Certainly, more employment is being created, but not because we are more competitive and productive. At Pimec, we have developed a yearbook of Catalan SMEs, and we have several concerns. It is true that revenues have increased as compared to last year. The livestock and agricultural sectors, however, have remained stagnant for five years. The industrial sector and all its subsectors are losing weight. The commitment to industry is losing strength. Construction and tourism are growing; but if we want to improve productivity through construction and tourism, we are in trouble. Meanwhile, commerce and restaurants are suffering. It must also be said that we are growing in financial services, consultancy, and some engineering firms. However, we cannot be too happy to be growing much more than the major European economies: if France and Germany fall, we will pay the price in the medium term. Spain will not be able to prop up Germany, a country that made a bet on Russian gas in a context of rapprochement between Russia and Europe. We are facing many geopolitical challenges. Hopefully peace will come to Ukraine, it can democratize and become part of the European sphere. Hopefully Russia can, too. Despite trade agreements with the US, the EU must do what suits it best. We should also consider South Korea and Southeast Asia. In my opinion, protectionism is bad. But we should acknowledge that we are in a period of closure. We need to better work the European internal market and make our economies more resilient. The emergence of actors like China is excellent news in the historical context of humanity, even if this may come at a cost to us—remember, there were millions of people in extreme poverty. But they still need to join the democratic world, and for now that is far from happening.

In a Context of Change, We Must Consolidate the European Social Model

Albert Ferrer Escrig

Head of Market and Economy at CCOO Catalunya labour union

I. How might the new competitiveness framework proposed in the EU affect workers?

Our overall assessment of the diagnosis made by the Letta and Draghi reports is positive. That said, it is a provisional and general overall assessment, because we do not know which measures will actually be applied and which will not. We might see a political commitment to implement them to the fullest, or perhaps most will end up shelved due to internal disagreements within the EU. After all, the reports fundamentally propose that the EU take on a more important role compared to the states, which would be left with a more discreet function. But countries have different interests, and this can generate resistance. The current scenario is frankly uncertain, even though recent events urge us to push forward the process of European construction in many areas, ranging from the reformulation of the governance model and the optimization of security policies to the establishment of financing instruments from a federal perspective, in order to guarantee our European social model and increase its strategic autonomy. The content of the reports reflects the main changes that have taken place in recent decades. Many things have changed since the beginnings of the construction of Europe, starting with the rise of the far right and of populist movements that threaten democracies. A new world order is taking shape and, from an economic point of view, we are also witnessing a return to protectionist policies and new alliances. We also see a rise in security policies. But what is evident and a constant over time is the mutual interdependence between member states and on the European Union in order to face the challenges ahead of us. We need each other. In short: we look to the future with uncertainty, an inevitable uncertainty, but we are certain of the need for interdependence

among the member states that make up the EU. This means talking politics with a capital P, to define the direction that the EU must take in the coming years. We will fail as the EU if we try to apply these proposals through a purely technocratic approach. We need to shape proposals through politics and society. In the labour movement and, in particular, at CCOO, in a context of constant change we will always defend all the elements that allow for the consolidation of the European social model in the world, in an adverse context. We cannot be immobile if we want to achieve our goals.

II. When it comes to increasing productivity, the reports focus—among other things—on training policies. How do you assess this aspect?

We see it as very positive that the Letta report proposes schemes to improve the digital skills of workers, because we are aware that one of the major transformations coming is digital, along with environmental and demographic change. It is key for sectors with higher added value to easily find qualified personnel. These are higher-quality jobs in terms of salaries and working conditions. Incidentally, we are witnessing an expansion of technical jobs, which require higher qualifications and more training in the digital field. Therefore, we certainly agree with the push to improve training policies. As a labour union, we defend this in the concertation spaces where we are present. We also recognize that there is plenty of room for improvement in vocational training—and not so much in the case of formal education. It is true that, in the case of subsidized training, there are funds available to companies that are never fully spent and that we should make the most of: this is a waste of resources. We are not extracting all the potential from our training capacity. Nevertheless, although CCOO advocates for constantly evaluating public policies, we are not as critical as the Draghi report in the overall assessment of current training policies. In any case, the situation is complex, because the same report that urges the improvement of training capacity also warns of the greater risk of exposure of people with higher levels of education to the arrival of AI. In other words, training is no longer sufficient to maintain a job. I also want to highlight the system of automatic recognition of professional qualifications across member countries, which could facilitate cross-border mobility, as proposed by the Letta report. That is something we value positively, even though it may have a relatively limited impact on the total number of workers. And we obviously support a more prominent role for the European Labour Authority to improve quality of life. Strengthening the role of labour inspection is key.

III. As a union, what aspects concern you most?

There may always be the temptation for competitiveness to worsen working conditions. We need to make sure that this does not happen. That said, I want to comment on some measures that could pose a threat to workers' well-being. In cases like the transposition of the directive on adequate minimum wages and the need to strengthen social dialogue that we find in the Letta report, we like this proposal because it helps consolidate concertation at the European level. However, we do not see any concrete steps. In others, we are not entirely convinced by the assurance that the entry of more countries into the EU will not affect workers, as we read in the Letta report. Expanding the EU's perimeter to states that need to benefit from structural and cohesion funds would limit access to this aid for the countries that are currently beneficiaries. We still receive structural funds, and this source of funding could be reduced. On the other hand, we agree with completing the EMU to gain financial strength and be able to promote investment, as proposed by both Draghi and Letta. However: both propose promoting private pension fund systems. This is a bad idea not only because as financial products they offer low returns, but because they endanger the public pension system, which we believe must be the main source of pensions. Completing the banking union and the EMU requires having the necessary funds, like the €800 billion annually mentioned by Draghi. As for tax harmonization, it is obvious that in Spain there is room for more redistributive fiscal policies but, depending on the orientation of this harmonization, we can interpret it positively or negatively, because the initial situations and fiscal cultures are quite different. There are other issues we may agree on, such as strengthening the telecommunications sector to catch up to the US or China, but we are concerned that corporate concentration processes will lead to restructurings and layoffs. Simplifying regulatory procedures before drafting laws (as Draghi and Letta propose) is a measure that sounds good, but may end up weakening the role of social partners and their representation in the preliminary debate phase. One area we cannot ignore is energy. Integrating energy into the single market should lead to lower energy costs for households and a greater weight of renewable energy. We support policies to combat climate change and a just energy transition, with support and anticipation so that no one is left behind, just as we will need to help the industrial sector in the face of the paradigm shift of the circular economy. We know that things are complex right now, but there will never be an ideal time—and the politics of delay are always what ends up being applied. We need courage and determination, and a certain political consensus: we know that there will be short-term costs, but many long-term benefits.

Trump Forces Europe into a Budgetary Expansion Project that Outweighs the Guns-Or-Butter Question

Francesc Trillas Jané

Secretary for Economic Affairs and European Funds
of the Government of Catalonia since 2024

I. To what extent are the recommendations of the Draghi and Letta reports applicable without greater European integration?

With the conclusions of their reports, Mario Draghi and Enrico Letta are like doctors who give us the prescription for one of the illnesses that Europe is suffering from: the lag in innovation and productivity with respect to the US and China. Why is it important to correct this lag? Because it endangers the continued viability of the combination of the European social model and the decarbonization policies that the European Union has undertaken. And what prescription do they propose? In short, that more European integration is necessary to be able to carry out large-scale investments at a continental level, especially in the more technologically advanced sectors of industry. The EU budget will have to increase substantially, and so will the capacity for joint debt. Either we integrate more or we will not be able to improve productivity. And I emphasize the concept of productivity, because we often speak of becoming more competitive; that is misleading, because we can become more competitive by protecting ourselves more or by lowering costs... But we have to become more competitive because we are more productive. Now, if Draghi and Letta are like doctors, we must keep in mind that sometimes we go to the doctor but we do not listen when they tell us that we have to change our diet, our lifestyle, or that we have to rest more. It takes effort. Draghi says that almost €800 billion are needed in public and

private investment, especially directed toward high-tech potential sectors. Even though some sectors question whether the political conditions to advance the included proposals exist, we can no longer put them off because of Donald Trump's victory in the United States. The advantage of that victory is that it serves as a wake-up call: we cannot afford to nod off again. Beyond negotiating what is possible with Trump (not much, judging by the first steps of his presidency), the response has to be more Europe—including in the technological and military sphere. Europe is a regulatory giant but a budgetary dwarf. Europe does not have—nor will it have—a federal budget like that of the United States, but it can and must take steps forward. There is, for example, room for greater coordination and harmonization of the tax systems of member states to guarantee minimum levels of taxation on wealth. This would give regional governments the flexibility to improve the design of some taxes. But we need an umbrella of fiscal harmonization. The overwhelming irruption of the Musk and Trump regime forces Europe to present a project for budgetary, economic, and institutional expansion that not only overcomes the debate between guns and butter, but makes both guns and butter (social policy) possible. It also allows us to attract academic and scientific personnel expelled by Trump. This will only be possible with an integrated design that foresees the provision of European public goods in security and innovation.

II. How does this new competitiveness framework affect Catalonia?

Catalonia prioritizes activism in favour of greater European integration. At this stage it works proactively, and not just as a recipient of plans, funds, and ideas. Catalonia must be at the forefront of the application of the Draghi and Letta reports, because in the Government of Catalonia we fully share the objectives they set out: Catalonia needs to grow, but it cannot grow in just any way: we do not want to grow without paying attention to productivity. We want to grow using a model that allows us not to waste opportunities and, at the same time, to recover leadership in the Spanish and European economy. At this stage, in addition to coordinating the management of the European Regional Development Funds (ERDF) in Catalonia, the Catalan Government directly manages more than €4,000 million of the more than €8,000 million that Catalan society as a whole has secured and that are helping to transform the Catalan economy; the rest is managed by companies, universities, and other entities, and the Government helps them in securing funds. We have established the goal of maximizing these funds, because although part of the aid is distributed according to population percentage, there is a part that is by tender—

and Catalonia leads in this area. Managing funds involves bureaucracy; to some extent, this makes sense because these are funds provided by the European taxpayer. However, there are aspects that could be simplified, and our goal is to manage them well. Nevertheless, the key is to improve the impact that this money has on the economy. It is not only a matter of fulfilling the Keynesian objective of stimulating the economy; we need to transform it with digitalization, technological advances, and decarbonization in mind. In this regard, we need to be particularly careful. These funds are a good testing ground, a good training opportunity, for managing the major investments that will be needed if the Draghi report is implemented. Because if it is implemented, more funds will come to Catalonia.

III. To what extent can a more important role for the regions help ensure that all this money and these investments bring change and reach people?

It would be a serious mistake—and I am convinced it will not happen—for the future of European funds to be centralized in the states. In the EU, there are many regions that are quite pro-European. The success of Europe involves relativizing borders; it depends on cities and regions seeing the European project as their own. The regions will play an important role in this process. It is true that the NextGenerationEU funds have had a component of nationalization with respect to European institutions, to the extent that countries were supposed to make the project their own. This could result in greater participation by member states, and not necessarily by the regions. Coordination between states and sub-state entities is key. Upon entering the government, we found perfect coordination between the Government of Catalonia and the Spanish Government. We do not agree with the previous government's rhetoric of complaints, which contrasts with this practical understanding, but it is true that regional governments could play a much greater role. We need to assess how to reinforce this participation. A good example is the so-called "28th Regime" proposed in the Letta report: an administrative regime for companies that works for the twenty-seven member countries, an additional regime that allows you to invest in any EU country and set up shop there. The Spanish Ministry of Economy wants to transfer the idea to the state: to create a "20th Regime" in which companies can establish themselves in any region without having to comply with all the requirements of each community. It is true that this initiative carries the risk—as was already seen with the PP governments—of commands being issued from the central government and violating the

purview of the regions. Minister Carlos Cuerdo proposes working together with the regions to identify administrative procedures that can be shared and that do not tread on anyone's toes, such as homogenizing the criteria by which stars are awarded to hotels, which could help tourism companies to set up there. We need to coordinate to make life easier for companies, because the new policies will be useless if companies and people do not notice them. This work needs to reach the people. Workers need to feel it. We have seen this with the great Keynesian effort that the Biden administration made in favour of decarbonization and with investments favourable to workers. And it was not enough to win elections. We need to convince people to vote for parties that support deeper European integration and carry out well-designed industrial policies. The key is to be able to convince voters. I want to insist that politics is necessary, because Europe's problems will not be solved by Italian technocrats. We need to work on ideas, but political action comes next. We need to win elections. Neither Letta nor Draghi are experts at winning at the polls. If we are not able to win elections with pro-European ideas, we will not achieve anything.

DEBATE

HOW DOES THE NEW EUROPEAN COMPETITIVENESS FRAMEWORK AFFECT THE CATALAN ECONOMY?

1. **Montse Daban Marín**
2. **Fina Lladós Canela**
3. **Mireia Arroyo de la Parte**
4. **Gonçal Bonhomme i Altable**
5. **Maria Abellanet i Meya**
6. **Berta Cabré Prim**
7. **José María González Moya**
8. **Núria Ferrer Puigdomènech**
9. **Helena Badger Queralt**
10. **Francesc Mauri i Domènech**
11. **Josep Maria Martorell Rodon**
12. **Núria Salán Ballesteros**
13. **Maria Casoliva Zaldo**
14. **Raquel Serrat Tubau**
15. **Enric Fernández Martínez**
16. **Llorenç Serrano**
17. **Cristina Pérez García**
18. **Pilar Conesa i Santamaria**
19. **Martina Font Olivé**
20. **Muntsa Vilalta Cambra**
21. **Joan Tristany i Claret**
22. **Joan Ramon Rovira Homs**
23. **Joaquim Coello Brufau**
24. **Andreu Mas-Colell**
25. **Guillem López Casasnovas**
26. **Carlos Puig de Travy**
27. **Toni Mora Núñez**
28. **Ricard Bellera Kirchoff**
29. **Enric Morist Güell**
30. **Ana María Martínez Martínez**
31. **Àngels Fitó Bertran**
32. **Francesc Colomé i Montserrat**
33. **Josep Manuel del Pozo i Àlvarez**
34. **Pastora Martínez Samper**

ECONOMIC SECTORS

BIOMEDICINE, BIOTECHNOLOGY AND MEDICAL TECHNOLOGIES

- 1. Montse Daban Marín, director of Strategic Analysis and International Relations at Biocat and president of the Council of European BioRegions (CEBR)**

Health innovation can lead the economic drive shaping a new European framework

In Catalonia, the life sciences sector and health innovation can lead the economic and shared prosperity drive that shapes the new European competitiveness framework. This is one of the main engines of economic and social development: in terms of economic impact, it represents 7.6% of the country's GDP, while turnover and employment grow each year at an average rate of 4.4%. Even so, some transformations are needed in the culture of risk, financing, the value chain, production scaling, adoption of disruptive technologies, talent... The Draghi report highlights these, and the European Commission has already begun adopting some measures along these lines such as the Omnibus Law, which will simplify the administrative burden on companies by an average of 30%; or the reform of pharmaceutical legislation, to promote research and innovation and facilitate access to medicines. For Catalonia, which accounts for 50% of Spain's pharmaceutical industry and 41% of the country's total exports in the sector, this measure is of undeniable interest. A European biotechnology law must also be passed to encourage the transition from the laboratory to the manufacturing plant and from there to the market. By continuing in this direction, Catalonia can consolidate its leadership: it accounts for 87.2% of clinical trials in Spain, an activity in which it ranks fifth in Europe and eighth in the world.

The BioRegion is equipped to be more competitive if policies are implemented to reactivate Europe. To close the financial gap, Draghi mentions the development of a limited number of world-scale innovation hubs dedicated to advanced therapies based on gene, cell, or tissue engineering. The EU Compass also gives this sector undeniable relevance.

2. Fina Lladós Canela, general director of Amgen Iberia and president of Farmaindustria

The pandemic showed the importance of an autonomous European production of pharmaceuticals

We are at a decisive moment for the pharmaceutical industry, with legislative and regulatory reforms already underway both on a national and European scale. Much is at stake for us as a sector, but also as a society. The pandemic highlighted the importance of having productive autonomy in pharmaceuticals and other healthcare products. Consequently, the EU has placed our industrial sector among Europe's four strategic sectors, together with energy, food, and digital technology.

In an industry as highly regulated as ours, the success of these reforms will largely determine whether, as a country and as a continent, we can compete with other regions of the world in innovation and production.

For this reason, I believe that the current moment is a unique opportunity for our country to become a global reference in research and the production of innovative medicines. Catalonia can play a fundamental role in this field. Our ecosystem of innovation places us at the crossroads of the biomedical and AI revolutions that our sector is experiencing worldwide.

AUTOMOTIVE

3. Mireia Arroyo de la Parte, vice-president of the Automotive Industry Cluster of Catalonia (CIAC) and corporate director of Gestamp

We need an attractive regulatory framework for investment that can reinforce the reindustrialization of the Catalan automotive sector

The new European competitiveness framework, influenced by the reports by Enrico Letta and Mario Draghi, is redefining the Catalan automotive industry: it requires more innovation and digitalization in order to strengthen its global position without compromising jobs. As a strategic industrial hub, Catalonia must accelerate the transformation of the entire value chain, combining automation and clean technologies.

The training and retraining of talent are essential in this transition towards smarter mobility, and they require effective collaboration between companies, the administration, and training centres. In addition, the sector faces critical challenges such as disruptions in supply chains, high energy costs, and intra-European tax competition. To overcome these challenges, an attractive regulatory environment for investment is key—one that reinforces the reindustrialization and strategic autonomy of the Catalan automotive sector within a European framework in order to consolidate its role in the mobility of tomorrow.

TELECOMMUNICATIONS

4. **Gonçal Bonhomme i Altable, president of the Catalan Association of Telecommunication Engineering and Digital Technologies**

Large companies need to drive the new industry emerging in Catalonia

Out of the main areas of action identified in the European Commission's *Competitiveness Compass*, the one that most positively affects Catalonia is innovation. Catalonia has centres of technological excellence that are first class on both a European and global stage, such as the Barcelona Supercomputing Centre (BSC-CNS), the Institute of Photonic Sciences (ICFO), the Telecommunications Technology Centre of Catalonia (CTTC), the i2CAT Foundation, the Institute of Microelectronics of Barcelona (IMB-CNM), and the ALBA Synchrotron, which have recently created various spin-offs and start-ups in microelectronics, quantum computing and quantum communications.

Nevertheless, the Catalan system for financing young companies—both public and private—is weak.

Companies like Telefónica and Indra should be the great drivers of the new industry that is emerging in Catalonia. New European industrial policies are already providing these sectors with public financing, as we have seen recently. Indra is also playing an important role in the field of security. What is lacking is a determined commitment from the private financial system.

And, above all, we need to apply the regulatory changes that Enrico Letta's report recommends and qualifies as urgent in the telecommunications sector, which is extremely strategic for European security. That way, telecommunications operators like Telefónica will be able to increase their EBITDA and act as true engines of this emerging industry, as they are doing in the US and China.

TOURISM

5. **Maria Abellanet i Meya, president of CETT, expert member of Barcelona's Tourism and City Council and 2014 recipient of the Government of Catalonia's Tourism Medal**

The environmental, digital and training transitions are relevant for tourism

Tourism represents 12% of Catalonia's GDP and, due to its cross-cutting nature, it has a higher direct, indirect and induced economic impact than is usually presented. It is an industry in transition, immersed in a context marked by technological disruption, the climate emergency and globalization.

The fact that the Draghi report does not address tourism directly does not mean that its recommendations are not relevant for the sector, which will have to interpret them in light of its particularities and prioritize them in order to face the major challenges of the immediate future.

Defining priorities in terms of ecological transition (water, decarbonization and the circular economy), the digital transition, knowledge generation, training and upskilling of professionals—among other areas—is an opportunity for tourism and the basis for its evolution and competitiveness.

To face these priorities, Catalonia needs greater governance and the adoption of both sectoral and horizontal policies in line with Draghi's proposals if it wishes to advance towards a type of tourism that excels in responsibility and sustainability and that provides value to society and wellbeing to residents.

- 6. Berta Cabré Prim, president of the Business Federation of Hospitality and Tourism (FEHT) for the Province of Tarragona and vice-president of the Association of Campgrounds of the Costa Daurada and Terres de l'Ebre**

Europe must apply green policies realistically and with sufficient resources

The new European competitiveness framework can impact the future of tourism in Catalonia. Obviously, the green transition is essential. But for businesses—and especially SMEs—to adapt without losing competitiveness, financing and concrete support are needed. Modernizing establishments, reducing their environmental footprint and adopting more sustainable practices requires investment. Not everyone can take this step without support. The digitalization of the sector is also key for the coming years. Tools such as AI can improve the visitor experience, optimize processes and help us reduce seasonality.

In Catalonia—especially in the Costa Daurada and Terres de l'Ebre regions—we need a determined investment in infrastructure and mobility in order to remain competitive and attract quality tourism. That is why Europe must implement these policies realistically. Without a clear strategy and sufficient resources, these measures can be more of a burden than an opportunity.

ENERGY

- 7. José María González Moya, general director of APPA Renovables**

The new framework can serve as the engine to consolidate a model based on clean energies

The new European competitiveness framework, which backs greater integration of the single market and a coordinated industrial strategy, is an opportunity to accelerate the energy transition in Catalonia and across Spain, both for its industry and its economy. The new framework must serve as an engine to consolidate an energy model based on renewables that is capable of generating employment, attracting investment, and guaranteeing clean and affordable energy for all.

Since electrification, decarbonization, and competitiveness are pillars of this strategy, the mobilization of public and private resources can facilitate investment in green energies, the development of essential infrastructures such as energy storage and smart grids, as well as the consolidation of a competitive local industry in clean technologies.

In a context where renewables already generate close to 57% of the electricity in Spain, with net savings exceeding €9.5 billion for the electric system in 2023, reinforcing this investment path is key to reducing energy dependency and improving the economic resilience of the community, as well as its competitiveness.

Nevertheless, for this strategy to be effective, some outstanding challenges need to be addressed: the electrification of consumption based on fossil fuels, the speeding up of administrative processes, the development of more flexible energy markets, and the integration of renewables into sectors that are difficult to electrify, such as transport and industry. Catalonia, with a diversified industrial fabric and a great capacity for innovation, has the opportunity to lead this process if effective policies to support the green transition are put in place.

8. Núria Ferrer Puigdomènech, vice-president of the Wind Energy Association of Catalonia (EolicCat) and regional delegate of EDP Renewables for the Balearic Islands, the Canary Islands, and Catalonia

An opportunity to address a weak spot in the energy transition: the lack of connection points

The new competitiveness framework can represent a significant step forward for the Catalan wind energy industry, both in terms of eliminating barriers and uncertainties and in fostering a more favourable environment for renewable progress. In this regard, the industrial decarbonization law addresses one of the main challenges of the sector—reducing bureaucracy and speed up processing—which would allow Catalonia to advance in the implementation of wind projects.

On the other hand, the possibility of a competitiveness fund for infrastructure and clean energy to invest in the transmission and storage network is an opportunity to address one of the main weak points of Catalonia's energy transition: the lack of connection points.

In Catalonia, it is essential for these initiatives to align with political will and the Government's commitment to maximize their positive impact, so that they mark a turning point for the Catalan wind sector, facilitating its growth and consolidating its role in the European energy transition.

9. Helena Badger Queralt, delegate in Catalonia for the Spanish Photovoltaic Union (UNEF Catalunya) and legal director of Energy Services for SMEs and Households at Acciona

The delay in deploying renewables reduces the industry's competitiveness

The scientific consensus is crystal clear: we must fully decarbonize the global economy as soon as possible if we want to avoid an irreversible climate catastrophe.

For more than a decade, Catalonia has turned its back on investment in renewables. The situation changed in 2019 with regulations that governed their deployment, but the decade of lethargy has meant a great loss of time for the administration, which was unsure what to demand from projects and developers in order to adapt to the new requirements. Currently, the blockage lies in an administrative management model that must be rethought and reorganized so that it is fast and direct, without giving up any quality requirements. From the moment a developer starts the process of a renewable energy project in Catalonia until the time that news of that project reaches the public, it takes—on average—more than a year. On the other hand, access to electricity grids is mostly closed and is retained by the General State Administration.

This delay in the deployment of local and cheap renewable energy reduces the competitiveness of Catalan companies and industry as compared to the rest of Spain, Europe, and the world.

The opportunity and need for renewable energies in Catalonia and in Europe are clear, and in a context where the US will slow down their deployment (opting for gas and oil, given that they have these natural resources), in Europe we must take a firmer and more determined step than ever, precisely to take advantage of the competitive window of opportunity that will soon be available to us.

10. Francesc Mauri i Domènech, geographer, presenter and chairman of the board of the Oikia association

*The global emergency needs everyone
as quickly as possible*

We know that the burning of fossil fuels is responsible for global warming, which is accelerating. Catalonia, as part of the Mediterranean region, is getting closer and closer to a 2°C increase in temperature as compared to pre-industrial levels and is a particularly sensitive planetary region. For this reason, it must make electrification and the production of electricity from renewable sources an absolute priority and, in this regard, the hydroelectric tools we have at our disposal must be emphasised. From now on, mitigation and adaptation are fundamental for our very survival.

Electrification is associated with the rapid renewal of land transport as well as energy in housing and commerce. Public transport—especially railways—requires multi-billion, constant investment. We need more sustainable mobility, more public transport, and less traffic. The public machine is pouring a great deal of money into this just as Draghi proposes, but the alliance and commitment of the private sector are also essential. Furthermore, we need a primary and food sector that invests much more in local production. We should remember that the number one economic sector in Catalonia is the agri-food sector, with a weight of 20% of our GDP—tourism, by contrast, contributes 8% less.

Biodiversity and forests are and will be necessary allies in a country where annual precipitation will tend to decrease slightly and could do so more markedly from 2050 onwards. Life in towns and cities cannot continue to be marked by pollution; in this regard, low-emission zones are fundamental for health. Furthermore, attention must be paid to the coastal strip where 60% of the population lives because of the erosion of natural spaces, the rise in sea levels, and the impact on infrastructures, which will have economic, social, and health repercussions.

Doing nothing or too little will cost us more than investing continuously and intensively. Public investment policies are already strong, but they must be made more effective and reinforced with tough taxation on pollution. As Draghi reminds us, it is essential to link them to private initiatives.

TECHNOLOGY

11. Josep Maria Martorell Rodon, associate director of the Barcelona Supercomputing Centre-National Supercomputing Centre (BSC-CNS)

Consolidating Barcelona as a European high-tech hub

The new European competitiveness framework emphasizes the need for a more integrated single market in all areas, including the digital sphere. In this field, Europe has advanced through initiatives such as EuroHPC, where the BSC-CNS plays a central role.

One key example is the creation of AI Factories, infrastructures that will allow companies and research centres to access advanced computing capacities to drive innovation in AI. With an investment of around €200 million, Barcelona's AI Factory will focus especially on SMEs and start-ups, facilitating their access to cutting-edge AI technologies to develop new products and services. This represents a great opportunity for the Catalan economy, not only in terms of technological development but also to attract international talent and investment; it can consolidate Barcelona as a European high-tech hub.

12. Núria Salán Ballesteros, PhD in Materials Science and vice-president of the Catalan Society of Technology

To gain in productivity, we need adequate training and to make technology visible

The 21st century is the century of technology. We need to prepare new generations so that they can access higher-quality jobs and operate within the society of the future; otherwise, we are condemning ourselves as a country to impoverishment and a waste of talent that we cannot afford.

In view of the proposal to improve productivity in sectors of high added value, this goal must be linked to appropriate training, which must not reduce the hours dedicated to technology and digitalization in secondary education, which currently amount to 175 in Catalonia. In the Community of Madrid, these have been increased to more than 200 hours.

We are concerned about the loss of vocation and talent, especially among girls. This will become a reality if we do not give enough visibility to technology, and if discourses that portray it as elitist continue. These distance technology from its true essence: generous and accessible professions. You cannot choose something you are not aware of. There is little use in having digitally native children if, when they approach mathematics, science and technology, they do so with prejudice, without role models, and with the message that "it's really hard", even though it is not.

AGRICULTURE

13. Maria Casoliva Zaldo, member of the Governing Council of the Federation of Agricultural Cooperatives of Catalonia

For years now, European agricultural policy has ignored the sector's economic viability

The European push towards greater competitiveness is a necessary shift for Catalan agri-food cooperatives. The new *Competitiveness Compass* offers a cross-cutting view of European policies, going beyond the Common Agricultural Policy (CAP) and integrating essential strategic areas. Documents such as the *Strategic Dialogue on the Future of EU Agriculture* and the recent *Vision for Agriculture and Food* recognize the importance of cooperativism in ensuring that agriculture is resilient and competitive.

For years, European agricultural policy has prioritized environmental sustainability while treating the sector's economic viability as secondary. This imbalance has hindered the competitiveness of our productive fabric in an increasingly demanding global market. We welcome the fact that Europe is coming down to earth and valuing the need to strengthen competitiveness without giving up on environmental objectives.

However, we are sceptical as to whether these strategic guidelines will result in effective actions. Regulatory simplification, public support, and the appropriate instruments are essential to reverse the situation in the agri-food sector. Cooperatives are ready to actively contribute to this process, but we need firm commitments and effective tools to ensure that Europe regains international leadership.

This change of course is an opportunity to value a cooperative model that guarantees the sector's economic and social viability. This drive must be translated into realistic and effective policies for the future of our agriculture.

14. Raquel Serrat Tubau, organic livestock farmer and national coordinator of the Unió de Pagesos farmers' union

We need to protect local production in the face of the energy transition and the challenges of the new CAP

The European Union is pushing for an energy transition, and at Unió de Pagesos we have, of course, always been in favour of alternative energies—as long as they are not at the cost of a farmer having to give up their livelihood. In the specific case of Catalonia, we need to remember that 70% of the land worked by farmers is under tenancy, rented from owners who may be tempted to accept offers from green energy companies. All decisions are understandable, but we have to consider what happens to the people who work the land. When photovoltaic parks of over 8 hectares are implemented, it is crucial that agricultural impact studies be carried out. This is not happening, and for that reason we have initiated 14 legal disputes since 2021.

In view of the reform of the new CAP for the 2027–2032 period, we are also concerned that no one in Brussels understands the specific characteristics of Mediterranean agriculture.

Furthermore, it will be difficult for us to be competitive if Europe does not demand mirror clauses that require the same production standards from producers outside the EU. Local production must be valued. Although the Food Chain Law requires the same conditions, in practice this is not being fulfilled.

We know that the world is going through a difficult moment. If tariffs are applied, small-scale farmers are always the ones who end up losing. We believe that legislation is needed to protect local production.

FINANCES

15. Enric Fernández Martínez, director of Strategic Planning and Studies and chief economist at CaixaBank

Europe must take the Draghi and Letta reports seriously, and so should we

The new competitiveness framework is a major opportunity to improve the productivity of the Catalan economy and, by extension, the wellbeing of its citizens. The reports highlight the need for the greater integration of the European market—including the banking and capital markets—to achieve economies of scale; improving the innovation cycle by boosting basic research, entrepreneurship and business growth; and driving the industrial and tech sectors.

The Catalan economy has the strengths to take advantage of this momentum: we have a strong industrial base, we are an attractive hub for start-ups, and we boast leading research centres and critical supercomputing infrastructure.

We also have some weaknesses we should use this moment to address, like delays in the installation of renewables, the small size of our businesses, and shortcomings in our education system. Europe must take Draghi and Letta seriously, and so should we.

16. Llorenç Serrano, coordinator of the Socio-Environmental Assessment Committee of Barcelona at Fiare Ethical Bank

Nothing is said about how to address financial exclusion and the digital divide in services

A single capital market with the aim (among others) of doubling direct financing for companies in that market. The mobilization of funds—including private capital—towards innovation, decarbonization and the relocation of production will require the financial sector to focus on the real economy of the EU. This partly shifts a business model that has become highly financialized. At the same time, the desire to create technological and corporate “champions” raises the risk of increased

concentration and prepares for a banking and insurance market that is far more homogeneous (and more competitive?) in the EU.

The deregulating tone of the package as a whole, and some proposals—such as the option of operating under a new common EU regulatory framework instead of that of the corresponding member state—are concerning if applied to financial and commercial activity. Furthermore, nothing is said about how to address financial exclusion or the digital divide in services, and everything suggests that job losses in the sector will not stop.

As for ethical finance, if resources and measures are channelled towards the real economy, the energy transition and the circular economy, we have a role to play: achieving a democratic, participatory ecological transition.

In any case, as with all things EU, we will have to wait and see what becomes of the Commission's roadmap. Although there is widespread concern, the Commission will have to navigate the EU's complex governance with every measure it proposes.

SELF-EMPLOYMENT

17. Cristina Pérez García, president of ATA Catalunya and president of Foment del Treball's Committee of Self-Employed Individuals

*Our biggest problem is that we are not competitive.
We need to take decisive action to address this*

The important reports by Enrico Letta and Mario Draghi provide a roadmap for action in the face of a situation where Europe is clearly losing competitiveness and, above all, productivity. Without a growth in productivity, the result is more red tape, more bureaucratic burdens, and greater tax pressure. Progress is being made in many areas, but our biggest structural problem remains: we are not competitive.

To counter this, we need to work to expand a genuine single market where member states protect one another from external threats and work together to create a more integrated market with the same rules, one that is free of administrative fragmentation, and where everything is geared towards enhancing the competitiveness and productivity of our economy.

INNOVATION AND SMART CITIES

18. Pilar Conesa i Santamaria, founder and president of Anteverti and curator of the Smart City Expo World Congress

We need to take on the major challenges of technology transfer and industrial transformation

AI is driving industrial transformation at a mind-boggling pace, triggering a global race for leadership unlike anything we have ever seen before.

Europe currently plays no leading role in this transformation, and urgent action is needed—backed by resources and an integrated strategy. Investment in research and innovation is critical to develop homegrown technologies, as is the effective transfer of these technologies to business.

For Catalonia, this is a major opportunity. We play a key role in Europe's microchip development and the future of quantum computing through institutions like the BSC and ICFO, which form the core of the so-called Quantum Valley. Both centres are attracting significant European investment, but they risk becoming isolated pockets of excellence if we do not address the broader challenges of technology transfer and industrial transformation across all sectors of the Catalan economy.

In this global context, Barcelona—together with Paris, Berlin, and Amsterdam—has positioned itself as one of Europe's digital hubs, attracting talent and driving innovation.

PACKAGING

19. Martina Font Olivé, corporate director of Font Packaging Group, CEO of Kartox, president of the Catalan Packaging Cluster and second vice-president of the Barcelona Chamber of Commerce

We need to generate demand to create the single market for waste and circularity recommended by Draghi

The challenge for the European packaging industry—and, therefore, for the packaging and container sector in Catalonia—is to improve its competitiveness. In this field, driving innovation in recycling and materials is key to reducing external dependence on raw materials.

In this regard, the Draghi report is clear in recommending the creation of a single market for waste and circularity. To make this a reality, we need to stimulate demand; for example, by boosting the demand for recycled materials through minimum requirements for each product, promoting green public procurement, and providing consumers with clear information.

To make this happen, major investment will be needed throughout the value chain (especially in industry) to adapt processes to the new standards. The Letta report proposes a state aid framework more aligned with the green transition. We hope that these new funds will support this transformation—especially for SMEs, which play a highly significant role in the Catalan economy.

BUSINESS AND ASSOCIATIONS

20. Muntsa Vilalta Cambra, general director of FemCAT

*Europe has to overcome an inefficient government,
excessive bureaucracy, and obstacles
to business productivity*

The reality is that the real battle lies in leading global technology—a contest currently dominated by the US and China. Europe is not in the same league, and it will never be unless it tackles deep-rooted challenges: first, overcoming a governance model that is inefficient and excessively bureaucratic; second, addressing the lack of strong, visionary leadership capable of articulating a shared strategy; and, finally, ending the fragmentation of the Europe of nation states.

If urgency is the focus, we should focus on two sets of measures. The first should address the obstacles hampering the productivity of European businesses; making them competitive means optimizing energy costs within the framework of the energy transition, reducing logistical costs, simplifying regulations, updating requirements, and eliminating excessive

bureaucracy, while also adopting a tariff policy that protects Europe's competitive values. The second set of measures must prioritize investment to revitalize and modernize European industry, in order to ensure a solid and sustainable economic base and, above all, shift Europe's economic model towards more advanced tech sectors so we can compete in a world driven by technological innovation.

21. Joan Tristany i Claret, general director of the Association for the Promotion of Internationalized Industry (Amec)

*This time, the European Union is moving more quickly
than we might have expected*

Amec has a very positive view of the proposals for boosting productivity coming from Europe. We agree with the diagnosis and strategic directions set out in both the Draghi and Letta reports, especially in key areas such as open strategic autonomy, the shortage of industrial talent, and the need for more agile and coherent governance.

Unlike in the past, we now see an EU that is moving more quickly than we might have expected as shown by the Omnibus Law, which already reflects some of the priorities identified by Draghi and signals a level of agility in decision-making rarely seen before. It is now essential to ensure even faster decisions and to boldly accept the costs that this entails. Despite the uncertainty, this geopolitical shift is also an opportunity: without this context, we would not have proposals so clearly aimed at strengthening Europe's competitiveness and productivity.

22. Joan Ramon Rovira Homs, director of Economic Studies at the Barcelona Chamber of Commerce

*The Catalan economy needs to specialize in
intensive activities in knowledge and technology*

The key to countries' prosperity is the constant improvement of their productivity. One of the factors that explain the gap in productive efficiency between Europe and the US has to do with the nature of digital technologies, which are at the core of productivity growth in the 21st century. Some of

these technologies—the most critical ones—require very high minimum investment levels in order to be able to compete; but once those investments have been made, they benefit from significant economies of scale. To take advantage of these economies and recover the investment, companies need to operate in a sufficiently large market, at least on a European scale.

For a relatively small economy like Catalonia's, the strategy involves specializing in knowledge- and technology-intensive activities where it can integrate advantageously into the value chains of digital transformation in Europe. This strategy will only be possible with close public-private collaboration and agile and effective coordination among all European countries around shared objectives.

23. Joaquim Coello Brufau, naval engineer, businessman and Catalunya Europa Foundation trustee

Identifying and modernizing mature and emerging sectors is key to using European funds more effectively

The Draghi and Letta reports warn of the loss of competitiveness of the European economy in comparison with China and the US, a phenomenon that is even more pronounced in Spain and Catalonia than in neighbouring countries. This is mainly due to the lack of clear industrial plans and of sectoral prioritization according to gross value added (GVA); to insufficient investment in research and development (R&D), both public and private; and to a highly fragmented business fabric, dominated by poorly digitalised SMEs. In addition, industry plays a small role in the GDP, and science, technology, engineering and mathematics (STEM) are not taught often enough or well enough to guarantee a competitive future.

To overcome these challenges, we need to align our own industrial strategy with EU policy, fully committing to digitalization and the ecological transition. Identifying and modernizing mature and emerging sectors is key to making better use of European funds when they arrive, enabling a more efficient and practical distribution than at present. Without these measures, Catalonia and Spain will lose even more economic weight in the global context.

ECONOMISTS

24. Andreu Mas-Colell, economist, professor emeritus at UPF and Barcelona GSE. President of BIST and former minister of Economy and Knowledge

We need to consolidate and expand our knowledge structures, and put an end to administrative rigidity

Spain would benefit greatly from the application of the Letta-Draghi competitiveness programme. It would catch us at a good moment in terms of our competitive potential. We are strong in areas as crucial as digitalization and energy. Hopefully, Spain's position in the EU will be one of wholehearted support for the programme. Also, in some aspects (in nuclear energy or the attitude towards the defence industry), it would suit us to be more like France.

If we commit firmly to the Letta-Draghi programme, Catalonia can become something it is prepared for but has not yet become: a European benchmark in advanced technologies, including research, design, pre-fabrication and manufacturing. And also in biotechnology. To achieve this, a necessary condition is to consolidate and expand our knowledge structures. Administrative rigidity is currently excessive and potentially lethal. In particular, our regulatory framework must not be more restrictive than that of our European friends (and competitors).

25. Guillem López Casasnovas, professor of Economics at UPF and former councillor of the Bank of Spain

*The difficulties are significant;
hopefully, this will awaken Europe*

An impeccably written brainstorm of well-structured ideas: that describes both European reports (Letta and Draghi) aimed at correcting the course of the European economy. The integration of capital markets is not, in any case, as developed as some of us would like. Perhaps that is the only way things could be, given the difficulty of reaching concrete conclusions on an issue with so many facets and where public action has less muscle than financial power.

But beyond the texts mentioned, the reality in Europe does not allow for much optimism: where will the funding come from? To what degree will these priorities be accepted if they are currently avoided by governments faced with a new mutualization of debt driven by rising defence spending? How will these resources be made compatible with private money, considering the interests of businesses in different states, beyond those linked to arms and security technology suppliers? What capacity will the EU itself have to direct the allocation— depending on what funds are ultimately available—and the control of the necessary policies, without it all ending in a distribution of resources for uncertain purposes on a local level?

In general, we Europeans tend to see difficulties as opportunities. But today's difficulties are enormous, given the storm blowing from across the Atlantic. Maybe this will awaken Europe from its slumber—hopefully not because of the threat of war, but for the sake of a better shared economic future.

26. Carlos Puig de Travy, dean of the College of Economists of Catalonia

If we make the right decisions, Catalonia could become a central player in the new European economy

The European Union's priorities are the green and digital transitions, strategic autonomy, and the strengthening of the single market. Catalonia, a highly industrialised territory with an open economy, is at a key moment to redefine its role in this European context. It has the resources it needs to become one of the most competitive economies in Europe, but to do so it needs to address a series of key structural challenges like improving productivity, infrastructure, innovation, energy, or the development of human capital.

Furthermore, it is essential to boost the efficiency of public administrations. If the right decisions are made, Catalonia could become a central player in the new European economy using its business fabric and strategic position. The key will be the ability to adapt and the willingness to make the necessary reforms to ensure sustainable and competitive growth within the European framework.

SOCIAL AGENTS

27. Toni Mora Núñez, president of the Economic Social and Labour Council of Catalonia (CTESC)

We need big strategic agreements, and Catalonia can promote these consensuses

Europe is at a crossroads: it can either cease to be relevant in the global economic arena, or it can take measures to coordinate and harmonize development policies, building on its historic commitment to a social model compatible with productive and competitive projection. There is no time to waste, because now there really are global anti-system forces—including governments—playing hard to drastically alter the paradigm born of the post-Cold War consensus: democracy is at stake in the face of populist, brazen authoritarianism. The tools to counter it involve majority agreements (we cannot expect unanimity) and strengthening public-private collaboration to reindustrialize Europe, committing to a transition towards a sustainable energy model along with social justice.

But this accord should not be limited to institutions alone. It should also include the most representative social and economic agents and, if possible, organized social movements and the social economy sector. Catalonia must help to promote these consensuses. We need to return to the major strategic national agreements that drove policies used to generate activity and stable employment and to improve life in our neighbourhoods and cities. This commitment should involve as many people as possible—citizens should also see themselves as protagonists—but without unjustified delays.

28. Ricard Bellera Kirchhoff, general director of Social Dialogue at the Department of Business and Labour

We need to recover prosperity and justice as distinctive parts of the European social model

In its recent *Competitiveness Compass*, the Commission reminds us that what is at stake today is not only economic growth, but the future of our social model. There is a clear, historical interaction between these two dimensions, which today goes one step further.

In a world shaken by geopolitical tensions, with immense challenges in the technological, environmental, and demographic fields, the robustness, resilience, and capacity of our socio-economic model are fundamental—also in terms of democratic quality. We need to be competitive on the basis of productive investment, innovation, lifelong learning, work organization, and the strength that stems from concertation and dialogue.

But, moreover, we need to be fair and redistribute the gains from that productivity: guaranteeing more democracy, more well-being, and more social cohesion. It is time to recover prosperity and justice as distinctive elements of a social model—the European model—which must be reclaimed as the horizon for a profoundly upset world.

29. Enric Morist Güell, president of the Board of Organizations of the Third Social Sector of Catalonia

*We need to ensure a sustainable and shared prosperity
for all citizens*

To improve the competitiveness of the European Union, it is essential to establish a framework that ensures sustainable and shared prosperity for all citizens, especially those in situations of greater vulnerability.

In this context, the labour market must be strengthened, promoting the participation of the third social sector in the European Pillar of Social Rights in order to foster the labour inclusion of the most at-risk groups. It is also fundamental for the new multiannual financial framework to include greater commitments from member states, ensuring that the improvement in European competitiveness goes hand in hand with responses to the major global transitions and with the strengthening of social protection systems.

On the other hand, the agenda of the dual digital and green transition must be consolidated as a key factor for Europe's global competitiveness. At the same time, innovation and knowledge must involve the active participation of civil society, in order to strengthen the competitiveness of strategic sectors.

Finally, we need to push for policy reform that simplifies administrative processes, supports digital transformation, and improves public procurement, ensuring that institutions actively contribute to European competitiveness.

TERRITORY

30. Ana María Martínez Martínez, president of the Executive Committee of the Industrial Pact

An industrial model that generates quality employment and territorial cohesion requires social dialogue

The Draghi report highlights the urgent need for a more competitive Europe, with massive investments and an integrated industrial strategy. Catalonia can seize this opportunity to drive reindustrialization and strengthen its strategic autonomy in key sectors.

Our productive fabric needs modern infrastructures, digitalization, and sustainability in order to compete in a changing global market. The success of this process will depend on collaboration between administrations, companies, trade unions, and universities.

Social dialogue and concertation will be essential to ensure an industrial model that generates quality employment and territorial cohesion. At the Industrial Pact, we work to connect key stakeholders and facilitate the deployment of the new European industrial policy across our territory.

KNOWLEDGE AND EDUCATION

31. Àngels Fitó Bertran, rector of the Open University of Catalonia (UOC) and vice-dean of the College of Economists of Catalonia

European higher education, including Catalonia's, needs to be a motor of inclusion, innovation and democracy

The European Higher Education Area (EHEA) requires a profound rethinking to respond to contemporary challenges. The Draghi and Letta reports both stress the urgency of reinforcing European competitiveness through the development of skills aligned with the digital and green transitions. To achieve this, the EHEA must promote lifelong learning that is inclusive and accessible to all citizens to ensure that no person or territory is left behind in technological evolution.

In addition to highly qualified workers, Europe needs citizens prepared to defend a space for democracy, freedoms, and rights. In times of disinformation and polarization, education must guarantee skills in critical thinking, digital ethics, and civic participation. Technology must be the lever—not the final objective—used to build a fairer, more equitable, and more resilient society through shared and committed debate.

That is why a modern EHEA is essential: one that integrates interdisciplinary approaches, fosters academic mobility, and is capable of strengthening cooperation between universities. European higher education, including Catalonia's, must become a motor of inclusion, innovation, and democracy, because the pillar of a shared future is and will be built on knowledge.

32. Francesc Colomé i Montserrat, education inspector, former general director for Vocational Training at the Spanish Ministry of Education and secretary for Educational Policies of the Department of Education

We need to be aware of the educational and training challenges we will need to face to “close the innovation gap”

The guidelines from the European Union framework speak directly to education and training, and it is important that those responsible for education in our country be fully aware of the challenges that lie ahead.

In the Draghi report, one of the six cross-cutting policy priorities is to “close the innovation gap”. This refers to the need to include and scale up innovation in our production methods in order to close the current gap between the EU and countries like the US or China. Within this policy framework lies the imperative to enhance the skills of the population, recognizing that education must go beyond the traditional focus on language, mathematics, our surroundings... It must rigorously and intelligently incorporate the development of digital skills, green skills, STEM skills (science, technology, engineering and mathematics), transversal soft skills, and management capabilities.

33. Josep Manuel del Pozo i Àlvarez, PhD in Philosophy, professor emeritus at the University of Girona, and former minister of Education

Draghi's focus on productivity is understandable given his mandate, but natural intelligence deserves greater attention

Professor Draghi's report focuses primarily on objectives for major economic sectors and productivity-enhancing criteria. It would be unfair not to acknowledge the many references he makes to education and training, even if there is no chapter dedicated to the topic (the closest equivalent being the section entitled "Skills"). The most positive aspects of his treatment include the recognition of inequality in access to education, the underfunding of education in many member states, the importance of vocational and adult education, lifelong learning, and the need for a comprehensive review of curricula and for a better alignment between education systems and the productive economy.

Although the focus on production in his analysis is understandable given his mandate, a reference to the more humanistic dimensions of current—and, likely, future—educational deficits would not have gone amiss: the need to cultivate critical thinking and ethical responsibility, which could be seen as the core of this broader perspective. He could have acknowledged that these aspects not only fail to hinder the skills he advocates for, but actively reinforce them. The leaders and workers of a more competitive Europe will need a mental framework that goes beyond operational abilities, which will increasingly be performed or even replaced by all sorts of technological tools, including applications of AI. Natural intelligence—tied to creativity, sensitivity, and contextual complexity—deserves greater attention.

34. Pastora Martínez Samper, commissioner for International Action at the Open University of Catalonia (UOC) and trustee of the Catalunya Europa Foundation

The positive reception of the Draghi and Letta reports is giving way to concern over their application

At a time when knowledge is not always championed as a driver of progress, the Draghi and Letta reports emphasize the need to invest in research and talent as a way to foster innovation and competitiveness. Fortunately, this is not a new commitment: Europe has spent decades investing in knowledge as an indispensable resource for social and economic development.

Letta takes it further by proposing the integration of research, innovation and education at the heart of the European single market, in order to address its current fragmentation. A fifth freedom—the free flow of knowledge—which, alongside the free movement of people, goods, services and capital, would eliminate barriers to global competitiveness.

However, the initial enthusiasm for both reports from academic and scientific actors is now giving way to concern over how these proposals will be put into practice. There is unease around the emphasis on the commercial exploitation of knowledge and research with potential military uses, the vagueness of the new instruments proposed and how they will align with existing ones, and the lack of attention to present and future imbalances. The concrete implementation of these reports will determine the shape of the industrial and social model to come—one that will either bring us closer to or further away from a society based on open knowledge for all. The coming months will be decisive.

A EUROPE WITH EVERYONE'S PARTICIPATION

Europe is facing an unfamiliar scenario: a paradigm shift that will require responses not only to major challenges but also to major opportunities. It is, in short, a complex yet thrilling moment in which institutions and civil society must work together to find the best way of addressing key questions for the future of the European Union, such as enhancing competitiveness and strengthening the single market.

Fortunately, we have at our disposal two extremely valuable reports—one by Letta and another by Draghi—which offer a highly detailed analysis of the current situation and concrete proposals for the short and medium term. As part of the European Union, Catalonia cannot shy away from these challenges, but must instead adapt the proposed responses to our specific reality in order to ensure the progress of Catalan society, based on a model of shared prosperity.

Catalonia is beginning from a strong position in strategic sectors such as advanced manufacturing, biotechnology research, and digital innovation, and benefits from a diversified and highly internationalized industrial fabric. This situation should allow us to look to the future with both optimism and confidence. Nevertheless, additional efforts are needed to overcome business fragmentation, to strengthen logistical infrastructure—especially the Mediterranean Corridor, which is key to improving connections with the rest of Europe—and to accelerate the energy transition with a more competitive pricing system for both businesses and households.

In this context, it is important to highlight that the Catalunya Lidera plan, approved by the Government of Catalonia, aims to maximize the impact of European strategies at the regional level. It aligns fully with the European Commission's Competitiveness Compass, enabling the mobilization of investment in innovation, digitalization, and decarbonization. At the same time, its territorial dimension ensures implementation is adapted to meet citizens' needs.

This new Europe must be built with everyone's participation: public administrations, trade unions, employers' associations, universities, the third sector and, fundamentally, each and every citizen. That is why it is important to launch an open and inclusive debate that makes this new European Union a national project. This book is a fantastic starting point to achieve that.

Jaume Duch i Guillot,
councillor for European Union and External Action

