



PRESS RELEASE

An ice-bath for EU leaders – competitiveness is crumbling: Europe’s business case needs a rebuild

BRUSSELS, 18 March 2024: As the clock ticks down to the European elections in June and Professor Mario Draghi’s upcoming report on Europe’s Competitiveness, the European Round Table for Industry (ERT) today releases its *2024 Competitiveness and Industry Benchmarking Report*. This bi-annual report provides a snapshot on Europe’s readiness to compete for markets and investment *vis-à-vis* other parts of the world.

This latest edition, entitled *Rebuilding Europe’s Business Case – Working Against the Clock*, signposts 38 key performance indicators (KPIs). These metrics cover various sub-themes, including EU Single Market integration, the quality of our regulatory environment, missing pieces for innovation leadership, investment in key infrastructures and dependencies on critical production inputs.

Launching the report at a special event in Brussels, **Dr Martin Brudermüller, CEO of BASF SE and Chair of ERT’s Committee for Competitiveness & Innovation** says *“Europe has been a success story for a long time because we have had a working business case. With broadening global competition and the twin transition at a critical stage, that business case has started to crumble. And now it needs to be rebuilt. Because otherwise, we will be ‘out of business’ faster than we can imagine.”*

If Europe was a company

Using the analogy of Europe as a company, Brudermüller highlights why ‘Company Europe’ urgently needs a turnaround. ‘Company Europe’ is in danger of losing its technological and competitive edge. It has fallen behind on constructing key infrastructure and created a regulatory environment that lacks coherence and incentives for investment. A turnaround strategy to re-build its business case would:

1. **Leverage and enhance our technology leadership culture:** Building on Europe’s high-technology tradition and innovation DNA is a must. To maintain global competitiveness across industrial ecosystems and value-chains, Europe must better incentivise investment in high technology innovation. And it needs to do so across technologies, spanning from AI and quantum computing to dual-use innovation and green technologies to advanced materials and bioengineering.
2. **Deepen the EU Single Market:** The EU Single Market is Europe’s most valuable asset, because it creates prosperity and allows for economies of scale and vibrant competition. It is more urgent than ever to remove remaining barriers to internal trade. In today’s difficult geopolitical environment, Europe must accelerate domestic growth and strengthen its position as a global economic powerhouse.

3. **Tackle Barriers Holding Europe Back:** Europe needs a regulatory environment that creates business cases, incentives and enablers for much needed corporate investment. The big task is to simplify and restore coherence of the EU's regulatory framework. Moreover, to make the twin transition a success story for Europe, key infrastructures urgently need a significant upgrade. Investments in 5G, fibre networks, electricity grids and other green infrastructure can no longer wait.

Cold water and Competitiveness

Brudermüller concludes *“If our last report in June 2022 was a cold shower, this one is an ice-bath. I fear that our political leadership has not yet accepted how urgently we need to rebuild Europe’s business case. The political instinct in Brussels and in most capitals is still to achieve change almost entirely by prescriptive regulation. However, this will not work, because the challenges we are facing are too big to be resolved by just ‘throwing money’ and legislation at the problem.”*

He adds *“Europe’s industry places high hopes in the upcoming report by Mario Draghi. And I have very strong confidence in Europe’s ability to rebuild its business case. The key will be to achieve the necessary shift in mindset towards a more pragmatic way of policymaking. That means: leverage our core strengths and set the smart incentives for innovation and investment. In short: we need a European Industrial Deal.”*

With its 60-strong membership of CEOs and Chairs of some of Europe’s most significant industrial and technology companies operating worldwide, ERT is well-placed to assess and review Europe’s competitive place in the world, *vis-à-vis* other regions.

This report has been produced in collaboration with Global Counsel. It is the latest release in a drumbeat of regular calls by ERT for policymakers to be more attentive to the EU’s competitiveness and to secure Europe’s place in a new world order. The full report is now available on the ERT website: <https://ert.eu/BMR2024>

To watch the launch event, tune in at 14:00 CET today [here](#).

ENDS

Note to Editors:

A full list of the Membership of ERT is accessible [here](#).

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About the European Round Table for Industry (ERT)

The European Round Table for Industry (ERT) is a forum that brings together around 60 Chief Executives and Chairs of leading multinational companies of European parentage, covering a wide range of industrial and technological sectors. ERT strives for a strong, open and competitive Europe, with the EU and its Single Market as a driver for inclusive growth and sustainable prosperity. Companies of ERT Members have combined revenues exceeding €2 trillion, providing direct jobs to around 5 million people worldwide – of which half are in Europe – and sustaining millions of indirect jobs. They invest more than €60 billion annually in R&D, largely in Europe.

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