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# **DRAFT REPORT**

on the Institutional aspects of the Report on the future of European  
Competitiveness (Draghi Report)  
(2025/2013(INI))

Committee on Constitutional Affairs

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## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT.....	11
ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT.....	12

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the institutional aspects of the Report on the future of European Competitiveness (Draghi Report) (2025/2013(INI))

*The European Parliament,*

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

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

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

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

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

- having regard to its resolution of 12 March 2025 on the white paper on the future of European defence<sup>5</sup>,
  - having regard to Article 48 of the Treaty on European Union (TEU),
  - having regard to the *passerelle* clauses in the EU treaties,
  - having regard to the procedure of enhanced cooperation, as set out in the EU treaties,
  - having regard to Article 122 of the Treaty on the Functioning of the European Union (TFEU),
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Constitutional Affairs (A10-0000/2025),
- A. whereas the Draghi report, drafted by Mario Draghi and commissioned by the European Commission, offers a comprehensive diagnosis of the structural challenges the EU is facing, warning that the EU risks prolonged sluggish economic growth that could ultimately threaten prosperity and social welfare; whereas the Draghi report outlines how Europe can no longer rely on many of the factors that have supported growth in the past;
  - B. whereas a wide gap in GDP has opened between the EU and the United States, primarily caused by a more significant slowdown in productivity in Europe and the EU's failure to capitalise on the digital revolution led by the internet and the associated potential productivity gains, partly due to the fragmentation of the European single market;
  - C. whereas the Draghi report identifies innovation in advanced technologies, decarbonisation, and increasing security and reducing dependencies as the fundamental bases for Europe's future growth; whereas achieving them will require an increase in investment levels of around 5 % of GDP;
  - D. whereas global demand for critical raw materials is rapidly increasing owing to the clean energy transition, while Europe is also hugely reliant on imports of digital technology, notably for chip production, since 75-80 % of global wafer fabrication capacity is in Asia; whereas a genuine EU 'foreign economic policy' should be developed to retain the EU's freedom and competitiveness in this critical field as well as in other strategic sectors;
  - E. whereas both the Letta report, drafted by Enrico Letta and commissioned by the European Council, and the Draghi report highlight that the single market proved, from the beginning, to be a formidable boost for the EU's economy and a powerful factor in its attractiveness, and continues to be a cornerstone of European integration and values, serving as a powerful catalyst for growth, prosperity and solidarity; whereas the international landscape has profoundly changed, however, highlighting the need to develop a new single market;

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<sup>5</sup> Texts adopted, P10\_TA(2025)0034.

- F. whereas the Draghi report identified that a minimum of EUR 750-800 billion of additional annual investment is required to restore EU productivity and deliver on the EU's environmental and social objectives;
- G. whereas EU support for both public and private investment is constrained by the size of the EU budget, its lack of focus and an overly conservative attitude to risk; whereas common EU investment, including jointly financed market-based initiatives, is essential for challenges that transcend national borders to be addressed, by enabling economies of scale, fostering strategic autonomy, ensuring cohesion across the Union, attracting private capital, enhancing the EU's global competitiveness in critical sectors, and financing other European public goods;
- H. whereas the attempt to create the capital markets union (CMU) over the past decade has not been successful, but fully integrating financial services within the single market is essential for the fulfilment of the EU's strategic economic policy objectives;
- I. whereas the Draghi report provides a comprehensive analysis of the EU's economic governance and competitiveness; whereas Parliament has consistently stressed the need to ensure that economic growth and competitiveness are accompanied by social, economic and territorial cohesion, equality and the protection of citizens' rights;
- J. whereas the Competitiveness Compass, published by the Commission and built on the analysis of the Draghi report, proposes a new roadmap to restore the EU's dynamism and boost its economic growth, addressing the challenges of the green and digital transitions, and including measures to improve the regulatory framework, support small and medium-sized enterprises (SMEs), and promote a low-carbon economy; whereas Parliament has consistently emphasised the need for a comprehensive approach to industrial policy that takes into account the social, environmental, and economic dimensions of sustainability;
- K. whereas the Draghi report points out that the EU's decision-making rules have not substantially evolved with EU enlargement and that, therefore, as the global environment has become more complex, the legislative and decision-making procedures need to be accelerated; whereas the Draghi report underlines that a new industrial strategy for Europe will not succeed without parallel changes to the institutional set-up and functioning of the EU;
- L. whereas the Draghi report highlights the need to extend qualified majority voting (QMV) in the Council to more areas to overcome blockages and facilitate the adoption of measures to enhance the EU's competitiveness and economic growth, as well as to ensure that decisions are taken in a timely and efficient manner;
- M. whereas the CoFE provided a unique opportunity for citizens, civil society, social partners, and relevant stakeholders and institutions to reflect on the future of the EU and to identify key priorities for its development; whereas the Draghi report's proposals for treaty changes, institutional reforms and policy initiatives build on the CoFE's emphasis on the need for a more democratic, efficient and effective EU with an enhanced ability to respond to the challenges and opportunities of the 21st century;
- N. whereas the Draghi report identifies digital transformation and the development of artificial intelligence (AI) as key drivers of future European competitiveness; whereas

the EU has so far missed critical opportunities in the digital revolution, and continues to lag behind global leaders in AI capabilities, data infrastructure and the scaling of deep tech;

- O. whereas the Draghi report stresses that the EU must strengthen its strategic autonomy and defence capacity by overcoming market fragmentation, enhancing interoperability and consolidating the European defence industry; whereas the Niinistö report complements this vision by highlighting the need to improve risk preparedness, crisis response and the resilience of critical infrastructure and supply chains; whereas both reports underline that a credible European defence union requires an integrated governance framework and sustained, coordinated investment at EU level;

### ***General considerations***

1. Welcomes the Draghi report, its findings and its call for action; supports the analysis that Europe is facing an existential challenge which requires a renewed European agenda to remain competitive and grow in today's rapidly changing geopolitical context, while ensuring employment, social and environmental sustainability, democracy and peace; welcomes a new European strategy based on innovation, decarbonisation and defence, requiring a new coherent European industrial policy and significant private and public investment;
2. Highlights the fact that, as stated in the Draghi report, all this can be achieved only if the EU urgently reorganises its institutional and economic governance, abandons fragmented national approaches and strengthens refocused, accelerated and simplified supranational decision-making at EU level, in order to act more efficiently and effectively where it matters most, as a true global actor;
3. Stresses that the key domains needing strategic policy reform to boost the EU's competitiveness are the completion of the European single market, the creation of the savings and investments union (SIU); the strengthening of the EU budget, the maintenance of high levels of social protection and social and labour rights, the deepening of a European model of AI and digital transformation, and the development of a European energy union and a European defence union;
4. Stresses that the strategic policy reforms and the proposed changes in the EU's institutional architecture should be seen as inextricably linked aspects to be implemented hand in hand, to boost a more competitive EU;

### ***Refocusing, accelerating and simplifying the work of the EU: new supranational EU governance***

5. Welcomes the efforts to refocus and simplify the EU's work through strategic prioritisation and institutional efficiency; calls for a strengthening of the EU's capacity to act where it adds clear value, grounded in the subsidiarity principle; underlines that simplification and subsidiarity must lead to smarter, more effective legislation, and should not lead to deregulation or disengagement from areas needing EU-level action;
6. Takes note of the Commission's Competitiveness Compass, built on the vision of the Draghi report, and its focus on the need for greater strategic autonomy and resilience

and the urgency of boosting the EU's competitiveness, based on sustainability, innovation, energy security and social cohesion; stresses, however, that the Competitiveness Compass falls short of its ambition and structural depth, as it remains limited to a coordination-based approach and lacks binding mechanisms, substantial EU-level investment tools and fiscal capacity, the protection of social and economic rights, and proposals for institutional reform towards supranational governance;

7. Welcomes the idea of strengthening the EU's decision-making on targeted and strategic European competitiveness priorities; suggests, however, that the competitiveness coordination framework proposed in the Draghi report and the competitiveness coordination tool proposed in the Competitiveness Compass be transformed into a European competitiveness tool, which would constitute a supranational governance instrument with binding authority, led by the Commission, overseen by Parliament, and involving the active participation of civil society organisations, social partners and relevant stakeholders, to ensure a broad and inclusive approach to enable the EU to act as a single entity;
8. Welcomes the objective of accelerating the work of the EU and reiterates its call to go beyond unanimity and move as soon as possible to QMV and the ordinary legislative procedure in all policy fields, in order to have more streamlined and decisive decision-making, including on social, fiscal and economic policies, digitalisation, the green transition and defence;
9. Urges the European Council to discuss the proposals set out in the resolutions of 9 June 2022 and 22 November 2023 and to convene a convention in accordance with the ordinary revision procedure provided for in Article 48 TEU;
10. Recalls the conclusions of the CoFE, in particular the need for treaty reform; and urges the Commission and the Council to take concrete and timely steps to follow up on these recommendations;
11. Reiterates its call for the extension of QMV to more policy areas using the *passerelle* clauses, as provided for in the treaties, to improve the EU's ability to act rapidly and effectively; calls for the activation of *passerelle* clauses through reinforced QMV and calls for the treaties to be amended to allow for this;
12. Calls on the Commission and the Council to use the enhanced cooperation tool, which offers two important safeguards, namely the consent of Parliament and the judicial review by the Court of Justice of the EU (CJEU), and which is based on a Commission proposal;
13. Calls on the Member States, when unanimous agreement on treaty change to introduce QMV cannot be reached, to consider intergovernmental cooperation outside the treaties, through an additional treaty among willing Member States, without prejudice to existing treaty law and paving the way for differentiated integration within the EU; emphasises the importance of Parliament's full involvement in the process to ensure democratic oversight and scrutiny;
14. Stresses that reforming the EU decision-making process requires the empowerment of Parliament by placing it on an equal footing with the Council; reiterates its call for Parliament to gain the full right of legislative initiative – the power to introduce, amend

or repeal Union law – and full codecision powers over both the expenditure and revenue sides of the EU budget, including the adoption of the multiannual financial framework and the system of own resources;

15. Considers the potential of Article 122 TFEU as a tool for swift EU action strictly in crisis situations, but stresses that its use requires strong oversight, not only by the CJEU but also by Parliament; calls for a treaty amendment to establish clear procedures and timelines for activating the emergency clause;

### ***Completing the European single market***

16. Calls for the European single market to be completed and the remaining barriers to access to be overcome, including unfair international competition, high energy prices, skills and labour shortages, difficulties in accessing capital, and high administrative burdens for citizens and enterprises, and for economic growth, social, economic and territorial cohesion, and cultural exchange to be promoted within the EU;
17. Supports the addition of a ‘fifth freedom’ to the existing four, as suggested by the Letta report, to enhance research, innovation, knowledge and education for researchers, innovators and workers in the single market, by introducing dynamic transnational and cross-sectoral public-private partnerships, shared high-level research infrastructures and the pooling of data in an open science approach;
18. Calls for the development of a European integrated capital market through a newly established SIU, building on the incomplete CMU, in order to effectively connect savings with investment needs in a framework of strong consumer protection, broaden EU citizens’ access to capital markets and provide better financing opportunities for European companies while fostering the EU’s economic growth and competitiveness, particularly in the fair, green and digital transitions; calls for a strengthened European Securities and Markets Authority (ESMA) to transition into a single common regulator for all EU securities markets within the framework of the SIU;

### ***Strengthening social Europe***

19. Calls on the Commission to ensure that all future initiatives aimed at boosting EU competitiveness and completing the single market are accompanied by an analysis of their social implications, through measures enhancing social, economic and territorial cohesion, reducing inequality, and ensuring the fair distribution of the benefits of economic growth;
20. Reaffirms the importance of the ‘freedom to stay’, as outlined in the Letta report, and that the objectives of the single market should align with the right to free movement and residence for EU citizens; calls on the Commission to appoint a Vice-President responsible for the ‘freedom to stay’, with a portfolio that includes cohesion policy, services of general interest, and support for SMEs;
21. Reiterates its call for the addition of a social progress protocol to the treaties, to strengthen the principles of the European Pillar of Social Rights and contribute to the achievement of its targets for 2030, by embedding social progress as a core element of EU governance;

### ***Building a permanent European fiscal capacity***

22. Stresses the urgent need to establish a full and permanent fiscal capacity for the EU, building on the features of NextGenerationEU; highlights, in this regard, the importance of creating common European instruments, such as eurobonds, to finance strategic joint investments in European public goods and services; emphasises that such fiscal capacity should empower the Union to act more autonomously, independent of national budgetary contributions, thereby strengthening Europe's competitiveness, innovation, social and territorial cohesion, environmental and energy sustainability, and collective security; insists that the institutionalisation and governance of this fiscal capacity must ensure the central role of Parliament, guaranteeing full codecision rights, democratic accountability and scrutiny, and budgetary authority;

### ***Shaping a European energy union***

23. Underlines that, to achieve an integrated European energy union, the EU must place decarbonisation at the heart of its institutional and economic framework; calls, therefore, for a permanent European green sovereign fund, directly financed through EU own resources, a reformed European Investment Bank (EIB), evolving into a European climate investment agency, a dedicated climate pillar within the multiannual financial framework and a green transition authority within the Commission, tasked with identifying and steering pan-European green projects in close coordination with the reformed EIB; stresses the need to ensure the democratic legitimacy of these reforms, through Parliament's involvement in design, financing and oversight;

### ***Creating a European defence union***

24. Calls on the Commission and the Member States, in order to achieve the goal of a European defence union, to overcome the fragmentation of the European defence industry and to improve the consistency between existing and future instruments, including at the level of governance, in order to ensure effective democratic control of the new defence union, improved standardisation and interoperability of equipment, and the sharing of intelligence, as highlighted in the Draghi and Niinistö reports; stresses the importance, in this context, of enhancing capabilities and resources, overcoming market fragmentation, and embedding defence investments in a broader security concept that also includes strengthening critical infrastructure, creating and retaining quality jobs, and building the resilience of social welfare systems;

### ***Deepening a 'European AI' model and completing the digital single market***

25. Welcomes the AI continent action plan for the development of an EU 'AI model', based on cooperation between public and private actors; calls for a significant increase in investment in the training and algorithmic development of AI models in high performance computing (HPC) centres, in particular by funding the expansion of EuroHPC with additional capacity to support AI training across the EU; emphasises that this expansion is crucial in order to support AI training across Europe, enabling more widespread AI infrastructure and fostering innovation and technological sovereignty; calls on the Commission to enhance the role of the existing European AI Office by transforming it into a central authority with a supranational mandate for the

coordination, supervision and implementation of the EU's AI policies, endowed with adequate resources and autonomous and binding powers in strategic areas, under Parliament's oversight; stresses that the strengthening of AI governance must be based on transparency, the protection of fundamental rights and the safeguarding of the public interest, in line with the EU's rules-based approach;

26. Calls on the Commission and the Member States to complete the digital single market, by removing existing barriers to cross-border digital services, harmonising regulatory frameworks and investing in common European digital infrastructures as outlined by the EuroStack project, strengthening digital sovereignty by reducing dependence on non-EU providers, developing secure and interoperable data and cloud systems, and supporting strategic digital value chains;
27. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

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**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he received input from the following entities or persons in the preparation of the draft report:

<b>Entity and/or person</b>
Please insert a person or an entity.

The list above is drawn up under the exclusive responsibility of the rapporteur.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.