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

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The European Parliament adopted by 330 votes to 273, with 38 abstentions, a resolution on the institutional aspects of the report on the future of European competitiveness (Draghi report).

According to the Draghi report, closing the innovation gap, establishing a common plan for decarbonisation and competitiveness, strengthening security and reducing dependencies, and implementing the EU's environmental and social objectives are the pillars on which Europe's future growth rests. This will require an increase in investment levels of around 5% of the EU's total GDP, representing a minimum of EUR 750 to EUR 800 billion in additional annual investment.

Welcoming the Draghi report, Parliament emphasised the urgent need for the EU **to improve its institutional governance**. It stressed the necessity of abandoning fragmented national approaches and strengthening a refocused, accelerated, and simplified decision-making process at EU level, enabling the EU to act more efficiently and effectively where it matters most, as a true global player.

Refocusing, accelerating and simplifying the governance of the Union

Parliament called for a strengthening of the Union's capacity to act in cases where it provides clear added value, based on the principles of subsidiarity and proportionality. Simplification must lead to **smarter legislation,** requiring adjustments to the powers conferred on the Union by the Treaties and resulting in a **more efficient and flexible institutional structure**, including a reorganisation of the Commission and the College of Commissioners.

The resolution recognised that the **Competitiveness Compass's** focus on regulatory efficiency is essential for fostering innovation, attracting investment, and enabling sustainable growth. It supported the introduction of tools to assess the impact of new proposals on SMEs and competitiveness, the regular monitoring of progress, and the promotion of digital solutions to streamline administrative procedures. It also underscored the need to address labour and skills shortages.

To strengthen the decision-making process, a **European competitiveness coordination tool** serving as a comprehensive institutional framework should be created, led by the Commission, overseen by the Parliament and the Council, and independently evaluated. The participation of national parliaments, social partners, and stakeholders is considered essential.

Parliament called for progress towards greater efficiency in decision-making, including, where necessary, a shift to **qualified majority voting** and the ordinary legislative procedure in key policy areas. The European Council is invited to consider proposals to **revise the Treaties** using the simplified procedure established by the EU Treaty in order to accelerate essential and urgent reforms.

The Council is invited to consider using **enhanced cooperation** in cases where unanimity is not sufficient to reach important decisions to be taken as a whole in key policy areas. Members noted that the Draghi report also proposes that Member States that so wish may also use **intergovernmental cooperation**. Parliament must be placed on an equal footing with the Council, enjoy a genuine **right of legislative initiative**, and have a modernised right of inquiry.

Members also reaffirmed that enlargement must go hand in hand with strengthening of EU governance.

Effective governance of the Union in key policy areas

Parliament called for the completion of the **European single market** so that the remaining obstacles can be overcome, including unfair international competition, in order to address high energy prices, skills and labour shortages, difficulties in accessing capital, the fragmented implementation of EU rules, insufficient support for the digital and green transitions, and high administrative burdens for citizens and businesses. It called for the establishment of an integrated **European capital market** through a new Savings and Investment Union and advocates for a strengthened European Securities and Markets Authority.

Members stated that they support adding a '**fifth freedom**' to the four existing freedoms to enhance research, innovation, knowledge and education for researchers, innovators and workers in the single market.

The resolution recommended, *inter alia* to:

- strengthen the implementation and monitoring of the **European Pillar of Social Rights** through EU governance structures;

- ensure that the objectives of the single market are aligned not only with the right to free movement, but also with the **'freedom to stay'** by ensuring that policies are properly adapted to regional specificities and respect the socio-economic and cultural diversity of the different regions in the EU;

- ensure that **cohesion policy** remains a key element of the EU budget, in particular through more direct access to Union funds and **simplify the EU budget** in order to reduce unnecessary administrative burdens, facilitate beneficiaries' access to Union funds and better serve the objective of strengthening economic, social and territorial cohesion;

- provide for genuine **new own resources** enabling Parliament and the Council to adopt flexible budgets to empower the EU to act more autonomously and reduce its dependence on national budget contributions;

- embed climate **neutrality and sustainability** objectives within the EU's institutional and governance framework;

- establish a **genuine European defence union,** stimulate European industrial investment in the field of defence, and create a single defence market to which binding common rules apply;

- strengthen **AI governance** around transparency, protection of fundamental rights and the public interest.