

Mr. Draghi hits the right buttons

Brussels, 10 September 2024 - Welcoming the much-anticipated report on the future of the EU's competitiveness, released yesterday by Professor Mario Draghi, APPLiA endorses the difficult, yet necessary road to improve European competitiveness.

A year ago, the European Commission mandated Former Italian Prime Minister and head of the European Central Bank, Mario Draghi, to prepare a report on the future of Europe's competitiveness. As the EU Commission emerges post-elections, the long-awaited report highlights growth as the only way forward and proposes a roadmap to achieve enhanced competitiveness and climate neutrality.

The [document](#) presents a realistic analysis of the challenges the European Union is facing from an economic, social, and environmental perspective, and identifies three key areas requiring urgent action, aligning well with APPLiA's vision for a resilient and innovative Europe, outlined in our [Roadmap to 2024-2029](#).

1. Keeping Europe's companies in Europe by boosting innovation

The report emphasises the need to address slowing productivity by closing the innovation gap. This involves accelerating technological advancements, improving the transition from innovation to commercialisation, and eliminating barriers that hinder the growth of innovative companies. APPLiA strongly supports the report's emphasis on fostering **innovation**, particularly in the digital and green tech sectors, where Europe has the potential to lead. Digitalisation and sustainability are key drivers of competitiveness as well as retraining and investment in skills of European workers. We echo the report's concerns about the innovation gap and the need for increased investment in R&D, as this is crucial for the appliance industry's ability to develop cutting-edge, sustainable products. The report's recommendations for reforming the EU's R&I framework programme and promoting a Research and Innovation Union are steps in the right direction.

2. Decarbonisation as a game-changer for lowering Europe's energy costs

Europe must find ways to reduce energy prices for industries while simultaneously pursuing its ambitious **decarbonisation** goals to ensure long-term **competitiveness**. This involves a comprehensive strategy that considers energy prices, regulatory frameworks, and support for innovation in clean technologies. High energy prices are a significant challenge for EU industries, bringing down these costs is essential for enhancing competitiveness, for all manufacturing industries. While decarbonization presents opportunities for Europe to lead in clean technologies and



achieve energy security, it also poses challenges. The transition to a low-carbon economy requires significant investment, and EU industries face higher costs in meeting decarbonisation targets compared to competitors in regions with less stringent regulations or lower energy prices.

3. The importance of fully implementing the Single Market

The Single Market is essential for fostering competition, attracting investment, and promoting overall economic growth. Current fragmentation within the EU prevents companies from achieving the same economies of scale as competitors in the U.S. and China. We support the report's call for reducing regulatory burdens and administrative obstacles, as these can stifle innovation and hinder the growth of businesses. This aligns with our roadmap's recommendations for a clear European voice on industry policy and decarbonisation, aiming to promote a stronger alignment on important industry policy decisions for a more harmonised internal market.

According to Mr Draghi, if the EU fails to enhance its productivity, *"we will not be able to become, at once, a leader in new technologies, a beacon of climate responsibility and an independent player on the world stage."* To remain a global leader and achieve climate neutrality, the EU will need to become more circular and get better at manufacturing clean technologies. The report's findings also highlight the importance of enhancing social cohesion along the way. We believe that such a strategy, coupled with strong support for low-income households to install energy-efficient appliances, is crucial for achieving a climate-neutral Europe.

The home appliance sector also fully support's Professor Draghi's drive for simplification and the need to evaluate all existing legislation in order to eliminate duplication and inconsistencies between different laws that create 'barriers' and 'uncertainty' for manufacturers. Highlighting particularly the interface between legislation relating to products, chemical substances and waste, our industry is fully committed to minimising the presence of substances or materials which may inhibit recyclability of products and therefore restrict the circular economy. However, policymakers still need to recognise the compromises between chemical and product safety legislation and circular ambitions.

Overall, the report presents a holistic vision for transforming Europe into a more competitive and resilient economy while addressing pressing global challenges such as sustainability and security, *"We are glad to see some of APPLiA's priorities in the report, such as the decarbonisation of the EU economy and the need for an industrial strategy;* says APPLiA Director General, Paolo Falcioni.

Following the earlier report on the future of the Single Market, it offers continuity with Letta's efforts and solutions across various policy areas. Draghi's report points out many challenges and provides clear ways to address them, all of which require a joint European





effort and action. We hope these reports will guide and shape the incoming European Commission and its priorities, with competitiveness to be the guiding principle of all European Union policies.

We are looking forward to seeing the Commission and the future College of Commissioners into action, and we believe that by working together with policymakers and stakeholders, we can create an environment that fosters innovation, sustainability, and growth in the appliance industry and beyond.

