AMERICA INNOVATES, CHINA REPLICATES, EUROPE REGULATES: HOW TO PROTECT OUR FIRMS FROM EXTERNAL THREATS

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Europe's economic foundations are increasingly under strain as overregulation, bureaucratic inertia, and rising external dependencies take their toll. Supply chain fragility, slow productivity growth, and weak commercialization of innovation define much of the landscape today. Despite producing world-class research, Europe struggles to translate ideas into market success, losing ground to the USA and China. Structural stagnation is no longer a distant threat but an emerging reality, fueled by policy choices that discourage investment, entrepreneurship, and competition. This deterioration is deeply troubling given the central role that innovation, industrial capacity, and capital mobility play in sustaining economic strength and sovereignty.

Europe finds itself at a decisive crossroads. The illusion of a stable, globally integrated economic order is rapidly dissolving, exposing the structural vulnerabilities that years of overregulation and complacency have masked. Supply chains, once streamlined, are now fragile and fragmented, strained by geopolitical tensions and short-sighted trade policies. In 2024 alone, 90% of global supply chain leaders reported operational challenges (Alicke et al., 2024). The Red Sea blockade from late 2023 to early 2024 starkly revealed the risks of dependency, as disruptions along the Suez Canal, a corridor responsible for 15% of global trade, crippled access to energy and raw materials (UN trade & development, 2024).

TOO SLOW TO GROW, TOO FRAGILE TO COMPETE

Bureaucracy is strangling Europe and killing its economic edge

Europe's overreliance on bureaucratic crisis management rather than structural reform has left small and medium-sized enterprises – the cornerstone of our economy – vulnerable. Rising costs, excessive regulation, and weak investment incentives are eroding their competitiveness. In 2024, 37% of EU firms cited access to raw materials as a major hurdle, while 34% reported continued disruption in logistics (European Investment Bank, 2024). Contrary to what someone might want to think, these are not temporary fluctuations. They are symptoms of a system that needs rethinking.

US President Donald Trump's decision to introduce tariffs on foreign-made products has been widely criticized by European political elites (The White House, 2025; The Guardian, 2025). However, instead of simply dismissing these policies outright, Europe would do well to take a closer look at what they signal. Trump's approach, reducing bureaucracy, prioritizing domestic industry, and leveraging trade tools to protect national interests, highlights a strategic recalibration of economic sovereignty. Independently of what one might think about the tariff-led policy, the US administration is stating out loud something that is sadly only whispered in Europe: competitiveness begins at home, with a regulatory environment able to empower businesses rather than suffocate them.

Austria reflects many of Europe's broader structural challenges but also its untapped potential. Our companies with global names like Voestalpine, KTM, and Schaeffler have proven they can lead in innovation and manufacturing excellence. But they are operating in a climate that increasingly punishes performance and burdens ambition (Bruckner et al., 2024). Industries are grappling with sky-high costs, overregulation, and a political environment that favors an infinite loop of non-productive redistribution over competitiveness.

Draghi sounds the alarm on Europe's economic decline

In this challenging environment, Mario Draghi's report on European competitiveness delivered a much-needed wake-up call (Mario Draghi, 2024). His diagnosis is clear: Europe is losing ground. Productivity growth has stalled, industrial capacity is under pressure, and capital investment continues to lag behind global competitors. What we are witnessing is a long-term structural stagnation caused by a failure to act on key reforms. While the report perfectly defines the issues that the old continent is facing, it still ends up presenting the same old economic recipe as a solution. The very same recipe that has put the EU in the current conundrum.

Today, the USA is pushing ahead with investments in innovation and advanced technologies and China is building global industrial champions through aggressive state intervention and a deliberate disregard for national sovereignties. Meanwhile, Europe has been bogged down in bureaucratic processes and overregulation. Many of our most innovative firms are moving their operations to more dynamic regions with better access to capital, fewer regulatory hurdles, and greater labor market flexibility.

Europe's innovation deficit is a product of its own policy choices

Europe continues to produce world-class research, but far too little of it translates into marketable innovation. The problem is not a lack of ideas but a system that actively discourages scaling, investment, entrepreneurship, and competition. Only a fraction of patents is commercialized, and the few startups that do emerge often leave for more innovation-friendly environments. With just 5% of global venture capital flowing to EU firms, it is no surprise that many relocate to jurisdictions with better access to funding, faster regulatory processes, and a framework that awards intelligent risk-taking.

Productivity growth in Europe reflects not just economic trends, but political failure. Since 2015, labor productivity in the EU has grown by a mere 0.7% annually, far too weak to sustain prosperity, particularly as demographic pressures mount (Mario Draghi, 2024). But this is not a mystery. The legal and regulatory framework across Europe increasingly sets the wrong incentives. In many cases, both employees and employers are turning away from full-time work, not because of a lack of ambition, but because the system penalizes it. High tax burdens, rigid labor laws, and poorly structured social benefits have created a disincentive to work, invest, and grow.

Meanwhile, public R&D is too often misdirected, spread thin across pet projects and politically preferred sectors rather than enabling the emergence of genuinely com-

petitive technologies. Europe does not need more top-down funding strategies or new bureaucratic programs; it needs to get out of its own way. Innovation thrives when government steps back, when taxes and regulation are lowered, and when private capital is free to flow where it creates value. Restoring competitiveness starts with trusting the market, not hampering it.

Bring Europe's money back to Europe's economy

As a solution, the Draghi report focuses on the investments required, which by 2030 should apparently be EUR 800 bn per year to achieve the EU's self-proclaimed goals in the areas of digitization, energy security, and defense (Mario Draghi, 2024). But the real issue is not a lack of available capital. It is the lack of attractive, reliable conditions for keeping that capital in Europe. Every year, over EUR 300 bn in household savings flows into non-EU markets – partially because Europeans lack confidence in their political and structural system (thus, in their economy), regulation, tax burdens, and fragmented financial markets push investors elsewhere.

Instead of introducing new centralized instruments to "mobilize" private savings, the EU should focus on strengthening the conditions that allow capital to move efficiently and securely within Europe. A truly functioning Capital Markets Union can support this, but only if it remains market-driven, respects national autonomy, and avoids politically steered redistribution. Capital must be free to follow opportunity (and returns). It should not be directed by bureaucrats.

To rebuild investor trust, the priority must be structural: reduce red tape, harmonize rules where appropriate, accelerate approval processes, and improve legal certainty for long-term investment. At the same time, Europe must ensure its internal market remains competitive and not undermined by foreign actors who disregard the rules. The EU should consider targeted trade tools to deter artificially cheap and distortionary imports that weaken our industry.

FROM IMITATION TO INDUSTRIAL PLANNING

While Beijing heavily subsidizes domestic companies, Brussels remains frozen

Innovation is not evenly distributed, rather, it reflects how nations organize capital, talent, and policy. Over the past two decades, China and the USA have pulled ahead in different ways, while the EU stagnated. The USA leads through a dynamic private sector and robust investment ecosystem. Startups attract more than 52% of global venture capital, compared to just 5% in the EU (Mario Draghi, 2024). American firms scale rapidly, supported by deep financial markets and a flexible regulatory environment. This approach has yielded a steady pipeline of global tech champions in AI, biotech, and digital services.

China has charted a different course, rooted in industrial planning (Transatlantic Task Force, 2020). In the 1980s and 1990s, China positioned itself as the world's manufacturing hub, attracting foreign direct investment and transferring technology through joint ventures (Atkinson, 2024). By the 2000s, it moved from imitation to adaptation. The '2006–2020 Medium- and Long-Term Program for Science and Technology Development' and 'China Inc.' marked a strategic turn toward indigenous innovation. Since then, China has become the second-largest R&D spender globally, with R&D expenditure rising to 2.4% of GDP in 2021, overtaking the EU's 2.3% (World Bank, 2024).

China's rise in innovation is evident: patent applications surged from 100,000 in 2003 to 1.7 million 20 years later, far surpassing both the USA and the EU, which filed just a combined total of 800,000 in 2023 (World Intellectual Property Organization). The quality of those patents, surely, is what makes the difference. Still, the sheer numbers show Beijing's focus on this matter. With average monthly wages of USD 800 in 2022, compared to USD 3,100 in the EU and USD 4,800 in the USA at the same time, China can still scale innovation at low-

er cost (International Labour Organization; Eurostat). Granted, other Asian countries offer lower labor costs at the same productivity level. However, they do not have the same "ready-to-go" infrastructure. Meanwhile, Europe struggles to convert research into commercial success: only one-third of patents are commercially exploited (Mario Draghi, 2024). As China expands in sectors like EVs and green tech, the EU's share of global machinery and transport exports has fallen from over 9% in 2002 to 5% in 2022 (Eurostat). See figure 1.

The result is a growing innovation gap. The USA converts talent and capital into fast-moving companies. China turns policy direction into industrial power. The EU, despite high potential, continues to underperform. It is overregulated, under-coordinated, and unable to scale.

The chinese whole-of-nation concept

China's current innovation system reflects a clear principle: national strength requires technological self-reliance. Through its "whole-of-nation" approach, Beijing sets clear goals and aligns public institutions, local governments, and private companies behind them (Groenewegen-Lau, 2024). This model works best where scale and discipline matter. China now leads in global solar panel exports, controls over 98% of global LFP battery production, and produces more electric vehicles than any other country (Greitemeier et al., 2025). Flagship firms like Huawei and CATL benefit from subsidies, public procurement, and industrial policy alignment.

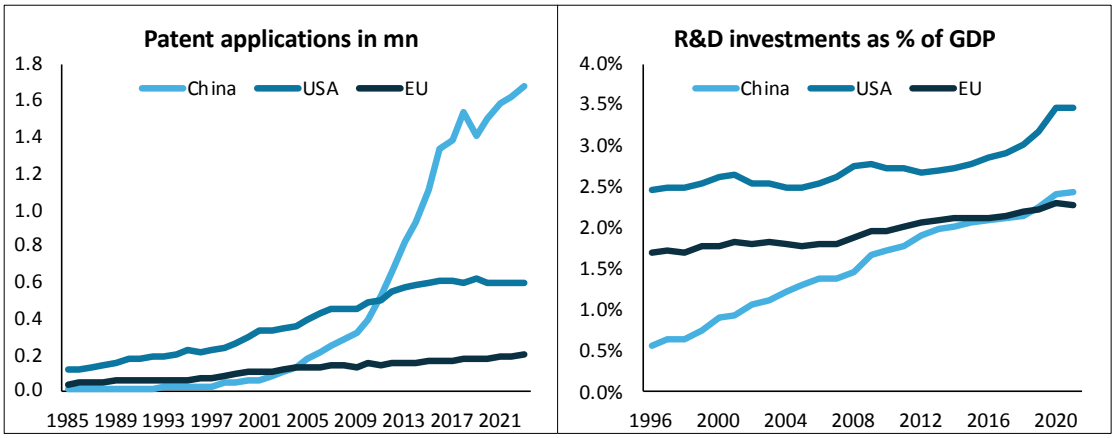
However, the model has its limitations. Basic research remains weaker. Commercialization often relies on replication over radical invention. Still, as long as speed, scale, and execution define competitiveness, China's centralized innovation strategy is delivering visible results.

COMPETITION ON AN UNLEVEL PLAYING FIELD

Europe is creating a future of dependence on chinese technology

In recent years, China has tightened its grip on Europe's markets. While the USA and Japan have reduced their reliance on Chinese imports since 2017, the EU has become more dependent (Kratz et al., 2024). This growing dependence is most visible in what Beijing

FIGURE 1
NUMBER OF PATENT APPLICATIONS (LEFT) AND R&D EXPENDITURE AS % OF GDP (RIGHT)



Notes: This exhibit shows the number of patent applications in million compiled from the World Intellectual Property Organization, and the Research and Development investments as share of GDP compiled from the World Bank.

Source: Own elaboration.

now calls the "New Three": solar panels, electric vehicles (EVs), and batteries. These products are central not only to China's export strategy but also to Europe's green transition. Today, more than 90% of the EU's solar photovoltaic modules come from China, alongside the vast majority of upstream materials like polysilicon (40% of which is produced in Xinjiang) (Lipke et al., 2024). In the battery sector, Chinese producers dominate the EU market, and EV brands such as BYD have already overtaken Tesla in global sales.

Europe's growing reliance is reflected in its trade balance. In 2022, the EU recorded a EUR 400 bn trade deficit with China, the highest in its history (Vandermeeren, 2024). The gap is driven primarily by high-value imports of electronics, chemicals, and clean technologies, precisely the sectors the EU needs for its economic and climate transitions. Moreover, China has become the primary source for around one-third of the EU's strategic product dependencies, including raw materials, solar cells, semiconductors, and active pharmaceutical ingredients.

Impact of China on the EU's sovereignty

The EU's increasing exposure to Chinese competition is triggering structural shifts that extend far beyond trade balances. In key industries such as chemicals, automotive, and electronics, firms are being forced to adjust production volumes, scale back investment, or reorient supply strategies – not by choice, but due to rising economic pressure (Tordoir et al., 2025). Austrian companies are feeling the effects acutely through their role in Germany's automotive supply chains. China is one of Austria's most important trading partners, ranking second for imports and eleventh for exports (Draxler, 2023). In the first five months of 2023 alone, Austrian imports from China amounted to EUR 7 bn (8% of total imports), while exports reached EUR 2 bn (2% of total exports). Yet both flows declined year-on-year: imports dropped by 3%, and exports by more than 9%. This has resulted in Austria's largest bilateral trade deficit of EUR 5 bn with any single country.

This decline reflects not just cyclical weakness, but structural caution. Investment activity linked to China is weakening, both directly due to falling demand from China's construction sector and indirectly, as Chinese clients delay purchases (Al-Haschimi et al., 2024). The impact of a consumption or investment shock in China would ripple through Europe, affecting not just exporters, but also European subsidiaries operating in China, now increasingly squeezed by rising local competition. Against this backdrop, Austrian industrial firms are growing more cautious, faced with the dual challenge of global market volatility and shifting demand patterns.

The core issue is strategic asymmetry. Chinese firms enjoy direct political backing, favorable financing, and shielded market access, advantages that European companies cannot replicate. European businesses, bound by democratic accountability and transparency standards, are effectively competing at a disadvantage. Recent developments, such as the Huawei scandal involving the European Parliament, underscore the challenges associated with China's growing influence (Braun et al., 2025). Belgian authorities are currently investigating allegations of corruption against Huawei lobbyists suspected of bribing EU parliamentary staff to advance the company's interests. Several individuals have been arrested, and the European Parliament has banned Huawei lobbyists from its premises. Given this scenario, a natural question arises: how do we compete in this game?

DEEP DIVE

Infrastructure

Since 2013, China has financed over 1,000 infrastructure-related projects in Europe worth more than USD 226 bn under its Belt and Road Initiative (EFSAS, 2024). While total Chinese FDI into the EU dropped to EUR 6.8 bn in 2023, the lowest since 2010, 78% of it was targeted at strategic greenfield sectors like EVs, batteries, and ports (Kratz et al., 2024). Hungary alone received 44% of these flows, including CATL's EUR 7.3 bn battery plant

and BYD's EV production facility. Chinese firms now control stakes in at least 12 European ports, such as Piraeus, Valencia, and Zeebrugge (Ghiretti, 2024). Ports and other infrastructure projects are critical logistics nodes that can be leveraged in times of political tension or supply chain disruption. The case of COSCO's control over the Port of Piraeus illustrates the risk, considering what began as an economic partnership evolved into a strategic chokepoint for Chinese trade interests (Duchâtel, 2024). The dual-use potential of these investments gives Beijing influence not just over trade flows, but over Europe's long-term infrastructure sovereignty.

Electric vehicles

China accounted for EUR 11 bn in electric vehicle (EV) imports equivalent to 49% of the EU market in 2023 (Spisak, 2024). The volume of Chinese EV imports rose 1,600% between 2020 and 2023, thanks to price advantages from economies of scale, subsidies, and near-total control of the battery supply chain. China dominates 98% of global LFP battery production and controls up to 74% of refining capacity for key battery metals (Greitemeier et al., 2025). As 26% of new EVs sold in the EU are Chinese, the risk is that Europe becomes locked into a supply model it no longer controls. Tariffs of up to 35% may slow the flow, but China is already localizing production in Hungary, Spain, and Slovakia, allowing it to bypass future trade restrictions and embed itself further into Europe's industrial base (Reuters, 2025; Jenčová, 2025). This raises serious questions about Europe's ability to scale its green transition independently, set environmental standards, or prevent technology transfer.

Telecommunication

Huawei and ZTE control an estimated 59% of Europe's 5G infrastructure market, supplying components in 23 EU countries (Rühlig et al., 2023). Despite EU-level warnings, only 10 member states have implemented vendor restrictions. Huawei's deeply embedded presence, particularly in Germany and Hungary, combined with its R&D centers in over 12 member states, poses a long-term strategic risk. Telecommunications are foundational to national security, critical infrastructure, and data privacy. Europe's dependence on Chinese vendors weakens its negotiating position and creates potential backdoors in digital infrastructure. In emerging fields like quantum communication, where China is far ahead with a 12,000-kilometer secure fiber network and multiple satellites, Europe is losing its ability to shape global standards (Hmaidi et al., 2024). This is not just about technology but about sovereignty in the digital age (Wisnugroho, 2025).

Energy

Chinese firms are now essential suppliers for Europe's energy infrastructure, particularly smart grid components, inverters, and transmission systems (Pèlegrin et al., 2021). While affordable, these systems often contain software capable of transmitting real-time energy usage data, raising serious cybersecurity concerns. As Europe pushes for renewable integration and digital grid modernization, the growing reliance on Chinese hardware threatens not only technical autonomy but resilience (Geri, 2024). A targeted export restriction or cyber vulnerability could disrupt energy flows at national scale. Yet European alternatives struggle to compete on price, locking grid operators into long-term dependencies that are difficult to unwind.

Solar panels

China provides 96% of Europe's solar PV modules and dominates every step of the supply chain, from polysilicon to final installation (San Martín et al., 2024). With two-thirds of global polysilicon output based in China, any geopolitical rupture, such as trade restrictions or sanctions, could paralyze Europe's solar rollout. Chinese solar panels cost USD 0.15/W, half the EU average, making domestic production uncompetitive without robust policy support (McWilliams et al., 2024). The EU's goal of reaching 600 GW of solar capacity and 40% domestic production by 2030 will be unreachable unless Europe can reduce economic vulnerability.

Toys

China is the source of 83% of all toy imports into the EU, but many of these products violate EU chemical safety standards (Eurostat,

2022). In early 2024, the European Toy Association found safety risks in 95% of children's toys sold on Temu, a Chinese ultra-cheap online marketplace (Martin, 2024). 9 out of 10 toys sold online by Chinese retailers breached regulations on phthalates, heavy metals, or flame retardants (European Environmental Bureau, 2019). These products often evade customs checks by being shipped directly to consumers under the EUR 150 de minimis threshold. The result is a two-fold problem: unsafe products flooding European households and the erosion of safety-compliant domestic manufacturers. Without stricter enforcement and digital platform accountability, Europe risks losing control over consumer protection on its own market.

Throwaway apparel

In 2023, the EU imported EUR 23 bn worth of apparel from China, i.e., 1.1 bn kg of garments (Eurostat). Platforms like Temu and Shein dominate fast fashion through direct-to-consumer sales that exploit the same VAT loopholes. Their competitive edge is built not only on price but on labor conditions and environmental shortcuts. France has responded by introducing a EUR 5 ecological tax per imported garment (rising to EUR 10 by 2030), but broader EU action is still lacking. As Chinese platforms continue to undercut European brands, local textile firms are being priced out of existence (The Guardian, 2024; Henshell, 2024).

E-cigarettes

China was the source of 59% of the EU's legally imported vapes in 2023, delivering an estimated EUR 1.3 bn worth of products equivalent to 2.1 bn individual e-cigarettes (Eurostat). Yet these official figures likely capture only part of the picture, as illegal imports significantly distort the market. In the UK, for instance, authorities confiscated 504,000 illicit disposable vapes, which is an amount that exceeds the volume of legally sold products by a factor of ten (Hannett, 2024).

Many of these illegal devices breach EU regulations, particularly those concerning nicotine levels and tank size, placing consumers at risk. Poor-quality batteries have also been associated with injuries from devices that have exploded during use (European Commission, 2021). What makes these products especially dangerous is their strong appeal: they are cheap, vividly packaged, and often flavored to resemble sweets. Those features disproportionately attract teenagers. In some countries research indicates that up to 50% of underage vapers are turning to unregulated, illegal options (Kent County Council, 2023; Fyfe, 2024).

This influx is devastating for small and medium-sized enterprises, including over 130,000 licensed tobacconists across the EU who collectively employ more than 400,000 people (Fyfe, 2024). In Austria, this sector even provides protected employment for people with disabilities, making its decline an economic concern (Austrian Economic Chambers, 2022). The use of influencers and gamified marketing by Chinese producers further skews the playing field, sidestepping EU advertising restrictions and undermining public health campaigns.

From a fiscal standpoint, the loophole allowing products valued under EUR 150 to enter duty-free means that up to 1.2 bn vapes may currently be avoiding taxation. Once this exemption ends in 2028, the EU could recover as much as EUR 248 million annually through VAT alone. But until then, the continued spread of low-quality Chinese vapes poses a triple threat: to public health, to domestic businesses, and to the fiscal sovereignty of each member state.

POLICY RECOMMENDATIONS

Smart regulation requires structural reform, not centralization

The Commission must enforce its own rules. Europe must finally draw a clear line between necessary rule enforcement and regulatory overreach. It is unacceptable that EU-based companies are held to the highest compliance standards while non-EU firms routinely violate basic product safety, tax, and customs rules with little consequence. In sectors like e-commerce, toys, and electronics, this double standard distorts competition and punishes those who play by the rules.

Respect national competence and end the centralization obsession. The EU must stop regulating for regulation's sake. Europe does not need more centralized

governance from Brussels, it needs practical reforms that allow member states to function more efficiently within the Single Market. Subsidiarity must be more than a slogan. Harmonization should serve one goal only: to enhance competitiveness. That means simplifying VAT rules, expanding mutual recognition of standards, and accelerating national permitting processes. It is economically indefensible that critical infrastructure projects in energy, transport, and industry are delayed for five to eight years due to administrative gridlock. Global competitors move faster not because they work harder, but because they operate under leaner systems. If the EU is serious about growth, it must deliver less bureaucracy and more real-world outcomes.

Make China pay for violating our sovereignty. Europe can no longer afford to be naive about the strategic and economic challenge posed by China. Chinese state-backed firms continue to enjoy the benefits of Europe's open markets while systematically violating our sovereignty, whether through forced technology transfers, intellectual property theft, or massive state subsidies. This is not just unfair, it is dangerous. Europe must adopt a firm, strategic stance and make clear that access to our markets is not unconditional. That includes targeted tariffs, stricter due diligence for Chinese imports, and serious consequences for non-compliance. Europe should create its own defensive tools and clear red lines. If Europe is to defend its sovereignty and industrial base, it must be willing to act.ç

Empowering domestic businesses and innovators

Less is more – let european companies breathe and compete. Regulatory policy must be grounded in economic realism. Companies facing global competition cannot deliver on Europe's ambitious 2030 targets when overburdened by constant rule changes, reporting requirements, and unclear expectations. The Commission should commit to proportionate, phased regulation, aligned with industry capacity and sector-specific needs. Transitional periods, coordination between EU and national bodies, and greater coordination with businesses must become standard practice. If regulation is to be a tool for transformation, it must also be a partner to those who must implement it.

Stop weighing down businesses with new costs. Any new EU regulations or fiscal instruments must first account for the structural cost pressures facing European industry. Energy prices, labor taxes, and administrative overhead remain significantly higher than in competitor countries. The Commission should adopt a "competitiveness-first" principle: before adding new costs, it must reduce unnecessary burdens and address price disadvantages. SMEs, in particular, need simplified and proportional rules, as they lack the capacity to manage complex reporting tied to ESG, sustainability, or circularity. Policy should aim to reduce not add to this burden.

Innovation needs freedom not micromanagement. EU regulation must safeguard the right of consumers and businesses to choose among competing technologies and solutions. Instead of restricting innovation through overly prescriptive rules, the EU should (when necessary) define desired outcomes, while leaving room for technological diversity. This approach would support market-driven innovation, particularly in fast-evolving sectors such as AI, digital infrastructure, Agri-tech, and energy. Developers need space to experiment and scale, regulation must enable, not inhibit, their participation.

Mobilizing capital and people strategically

Only qualified migration can strengthen Europe's workforce. To address labor shortages in critical sectors such as healthcare, energy, and advanced manufacturing, Europe must focus on activating and upskilling its existing workforce. This, working together with the business community, will strengthen our industrial base. Priority should be given to qualified workers from EU member states, ensuring that the freedom of movement within the Union is used strategically to match labor supply with demand. This approach must be complemented by expanded and better-targeted reskilling programs to prepare EU citizens for the challenges of the digital transitions.

Investor confidence returns when capital can flow freely. Reversing the sharp

decline in FDI requires a more coherent and attractive framework for international companies looking to establish or expand operations in Europe. This means reducing regulatory fragmentation across member states and offering streamlined procedures for market entry, especially in strategic sectors like energy, infrastructure, and semiconductors. However, foreign investments are only one part of the picture. Existing European firms must be encouraged to reinvest and take calculated risks. That calls for smarter regulation, including less administrative burden, more innovation-friendly rules, and faster permitting procedures for expansion and scale-up.

Protect private capital to secure prosperity. At the heart of Europe's economic future lies the prosperity of its people and that begins with protecting their savings, their investments, and their ability to build wealth. Ordinary citizens do not benefit from overregulation or centrally directed capital flows. What they need is trust in a system that rewards performance, ensures legal stability, and respects the value of private capital.

Rather than trying to mobilize savings through top-down EU mechanisms, policymakers must focus on creating the right conditions for capital to thrive. That means clear and stable rules and a functioning Capital Markets Union that facilitates cross-border investment without undermining national financial autonomy. The strength of local investment ecosystems depends on legal certainty and minimal political interference, not new layers of Brussels oversight.

Europe's families, workers, and entrepreneurs deserve a framework that allows them to invest in their own future without fear of confiscatory policies, inflationary spending, or sudden regulatory shifts. A free and dynamic economy is what secures long-term prosperity for all.

CONCLUSION

Europe stands at a critical juncture. While the USA drives growth through deregulation and reduction of bureaucracy, and China strengthens its industrial dominance through subsidized overcapacity and market manipulation, the EU continues to overregulate and underdeliver. Innovation stalls, capital leaves, and competitiveness declines, not because Europe lacks talent or ideas, but because the framework conditions punish initiative and delay progress.

European companies feel this reality daily. As part of the European Single Market, they face global competition under increasingly unequal terms. From steel to mobility, our firms are being squeezed between rising domestic costs and foreign players who ignore the rules of fair competition. Meanwhile, EU-level policymaking too often defaults to top-down control, new compliance burdens, and centralization, when what is urgently needed is flexibility, legal clarity, and trust in private initiative.

The prosperity of our citizens depends on a clear shift in direction. We must stop managing decline and start enabling performance. That requires less bureaucracy, fewer barriers to growth, and a renewed focus on the fundamentals: competitive taxes, functional infrastructure, and a regulatory environment that empowers – not restrains – entrepreneurs.

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