



## Contribution to the European Commission's Call for Evidence on 2025 Strategic Foresight Report

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Bucharest, Romania

I appreciate the opportunity to contribute to this call for evidence on 2025 Strategic Foresight Report. In my view, any vision for a resilient EU must be grounded in the harsh realities ahead:

- **Demographic challenges:** By 2040, "*the EU's workforce is projected to shrink by nearly 2 million workers annually, while the ratio of working to retired people will decline from approximately 3:1 to 2:1*" (Draghi Report, 2024);
- **Geopolitical shifts:** By 2040, Europe will not only lose its "*demographic dividend*" (when economic growth is supported by a rising population), but the era of "*the peace dividend will be long gone*" (von der Leyen, 2025);
- **Increased defense spending:** "*The Readiness 2030*" initiative, aimed at strengthening European defense, is expected to reshape budgets, with military expenditures rising to 5-7% of GDP (European NATO/EDU scenarios, EPRS – The Future European Security Architecture, 2025);
- **Economic and environmental costs:** The "*green premium*" initiative reflects the financial burden associated with the green energy transition and climate mitigation efforts (ESPAS – Global Trends to 2040).

With these developments in mind, it is reasonable to envision a future where "*revenues from trade have declined, but Europe heavily taxes both businesses and individuals. These tax revenues are used to finance a substantial EU resilience fund that supports social equality across the EU. Where the EU admits it or not, this fund has led to an internal societal debate on which socio-economic paradigm is the most effective*" (Joint Research Centre – Reference Foresight Scenarios 2040).

Therefore, in my view, **any paradigm we adopt must begin with redefining the relationship between the citizen (taxpayer) and the state (administration)**. The EU can no longer afford a system where Big Data is used solely to combat presumed tax avoidance rather than to understand and incentivize compliant taxpayer behavior.

A new level-playing society should uphold transparency not only for taxpayers but also for administrations. The principle of "*no taxation without representation*" must be more than a slogan. What needs to be done?

- Reduce the tax compliance burden;
- Implement real and meaningful simplifications;
- Introduce regulatory sandboxes to test innovative tax policies;
- Increase accountability in tax administration;
- Use the power of AI to empower the taxpayers, to understand their taxing rights and obligations!

A truly open society acknowledges that, whether we like it or not, if corporate power continues to expand, "*large corporations may need to be given a greater voice than they have today within international organisations that establish global standards and co-ordinate responses to global challenges such as climate change, national security and technological safety*" (OECD, Strategic Foresight Toolkit, 2025).

**In short, readiness for 2040 (and beyond) must involve a shift toward a dialogue between unbiased algorithms – those of tax administrations and those of taxpayers – as well as a true partnership between governments and taxpayers, united by common long-term goals.**

Thank you,

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