The 7Ds

for Sustainability

Debt
Decarbonisation
Defence
Democracy
Demography
De-risking globalisation
Digitalisation

#FocusFuture

175 Proposals for the next legislature

Wilfried
Martens Centre
for European Studies

The 7Ds for Sustainability

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Proposals from the Wilfried Martens Centre for European Studies

Updated Version after Stakeholders' Consultation

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October 2023

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AI	Artificial Intelligence
C4ISR	Computerised Command, Control, Communications, Intelligence, Surveillance and Reconnaisance
CBAM	Carbon Border Adjustment Mechanism
CMU	Capital Markets Union
COP	Conference of the Parties
CoR	European Committee of the Regions
CSDP	Common Security and Defence Policy
DARPA	Defence Advanced Research Projects Agency
ECB	European Central Bank
ECJ	European Court of Justice
EDIRPA	European Defence Industry Reinforcement Through Common Procurement Act
EEAS	European External Action Service
EESC	European Economic and Social Committee
EIB	European Investment Bank
EP	European Parliament
EPP	European People's Party
ESG	Environmental and Social Governance
ESM	European Stability Mechanism
EU	European Union
EV	Electric Vehicles
G7	Group of Seven

GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
IoT	Internet of Things
LNG	Liquefied Natural Gas
MFF	Multiannual Financial Framework
MPCC	Military Planning and Conduct Capability
NATO	North Atlantic Treaty Organization
NGEU	Next Generation EU
NGO	Non-Governmental Organisations
OHQ	Operation Headquarters
PCI	Qualified Majority Voting
QMV	Projects of Common Interest
R&D	Research and Development
RRF	Recovery and Resilience Facility
SMEs	Small and Medium-sized Entreprises
TEU	Treaty on European Union
TTC	Trade and Technology Council
US	United States
VAT	Value Added Tax
WMCES	Wilfried Martens Centre for European Studies
WTO	World Trade Organization

Introduction

The EPP is built on the beliefs of Christian Democratic and Conservative People's Parties.

Conservatives know that not every reform is progress. They have shared scepticism towards ideologies, and prefer pragmatic solutions. They abhor the violence of revolutions and realise that existing institutions contain the wisdom of generations.

Christian Democrats try to balance and reconcile the seemingly irreconcilable: the social market economy, pluralism, federalism, popular parties and centrism. They aim to be the force of reconciliation and moderation in society.

Both Christian Democrats and Conservatives engage in the defence of the order firmly established in the free part of the European continent after 1945: representative democracy, the rule of law, inviolable human rights and a firm stand against any attempts of illiberal democratic backsliding.

The Conservative intent to preserve and the Christian Democrat willingness to balance converge in the principle of sustainability. If we wish to preserve, we must find a proper balance between present and future necessities and ensure fairness between generations.

Sustainability, therefore, has to be the core guiding principle of Christian Democrat and Conservative action across all policy areas.

Where is sustainability endangered today? These are the 7 areas, the 7 Ds, that require urgent action:

• **Debt:** How can we ensure debt sustainability when confronted with permanently increasing private and public debt levels globally? How can we ensure intergenerational justice?

• **Decarbonisation:** How to go to net-zero emissions while preserving energy security, maintaining a vibrant economy and managing a just transition?

• **Defence:** How can we as Europeans ensure the defence of our continent, at least conventionally?

• **Democracy:** How can Europe counter authoritarian attacks on our representative democracy, be they internal or external?

• **Demography:** How can European societies stay dynamic and balance burdens fairly in rapidly ageing societies?

• **De-risking globalisation:** How can European economies adapt to a world where the leading paradigm is no longer low-cost by any means, but rather security?

• **Digitalisation:** How can we fully participate and "reap the fruits" in the digital revolution, while preserving our freedom as individuals and societies?

The Wilfried Martens Centre for European Studies (WMCES) would like to contribute to a reflection process to identify options and concrete proposals for political action on the European level for the next legislature 2024-2029 in these 7 key areas: debt, decarbonisation, defence, democracy, demography, de-risking globalisation and digitalisation. They also represent policy fields in which the European People's Party identifies its core competencies as a political force.

Since this document's first edition in April 2023, project ideas that had been elaborated on an internal basis were distributed and submitted to a rigorous debate among external experts and amended accordingly. As in the original version, for all 7 Ds, 5 programmes with 5 project ideas each are being presented.

Besides this updated version of the '7 Ds for Sustainability', we are now working on more in-depth projects for each of the 7 Ds, based on the same idea of providing concrete action points in these crucial areas. The results can then serve policymakers as a background paper:

• For the preparation of the EPP manifesto for the 2024 European Parlament elections programme, on behalf of the WMCES;

• For negotiations between the European Parliament, and more specifically, the EPP parliamentary group, and the new European Commission;

• As a strategic reference for the next working period of the European Parliament, 2024 – 2029;

• And as a reference for the annual planning process of WMCES research and events, and cooperation with its partner foundations.

Klaus Welle   Peter Hefele

Debt

The COVID-19 pandemic resulted in increased government spending as a result of discretionary fiscal support and a decline in economic activity. At the end of 2022, debt levels already stood at 92% of GDP for the Eurozone and 84% for the EU as a whole. These are levels well above the 60% ceiling set out in the Treaty of Maastricht under the Stability and Growth Pact (SGP). Russia's invasion of Ukraine in February 2022 has necessitated further increases in public spending, mainly to fund the cost of living supports introduced to alleviate rising prices. It is now clear that inflation will remain above the ECB's 2% target in the medium term, while growth will slow to under 1% (in both the EU and Eurozone) in 2023. The political pressure to further increase public spending remains high, with the Eurozone budget deficit forecast to reach 3.7% in 2023, notwithstanding the current environment of rising interest rates. Within the Eurozone, six states – Belgium, France, Spain, Portugal, Italy and Greece – are now characterised by debt to GDP ratios of over 100%.

Assuring the debt sustainability of the EU and its member states is a prerequisite for the continued success of the wider European integration process. It is also a vitally important element in maintaining market confidence in the Euro and instilling confidence in the financial markets regarding the ability of individual member states to meet their financial commitments.

For the EPP, it is critical to ensure that debt sustainability is placed at the heart of the revised Eurozone governance framework. Politically, the objectives should be to balance a credible, effective and consistent fiscal framework with a longer-term sense of ownership in national capitals. The EPP must also draw clear lessons from the decade of economic crises. Most notably, increasing/restoring economic growth is a key pathway to reducing debt levels over the medium term. Efficiency in public sector spending and governance is vital as well as the regulation of the financial sector to underpin wider economic stability.

	Program 1	Program 2	Program 3	Program 4	Program 5
	Ensuring the sustainability of public finance	Strengthening financial stability	Growth and fairness	Own resources	Public sector reform
Project 1	Implementing a depoliticised and simplified fiscal rules framework.	Completing the banking union.	Widening the potential of the single market to create jobs and growth (implementation, new sectors).	Expediting, at the EU and national level, the agreed own resources to pay for existing commitments (NGEU, Ukraine).	Committing to reducing the administrative burden for citizens and businesses at all levels of public service provision.
Project 2	Placing public debt sustainability at the heart of public policy (no joint borrowing).	Deepening the capital markets union.	Modernising the social market economy model to support investment in critical public services (health, education).	Conducting regular reviews of the MFF to reflect emerging priorities.	Optimising service delivery through the introduction of e-government measures.
Project 3	Empowering good fiscal governance at national level (fiscal boards).	Regulating crypto assets and central bank digital currencies.	Improving access to capital and support for start-ups and SMEs.	Fully using existing resources (including 2014-20 unused funds).	Strengthening evidence-based policymaking and better regulation.
Project 4	Supporting an independent ECB focused on price stability.	Managing and reducing corporate debt levels.	Making work pay by removing obstacles to employment (taxation, social services, work life balance).	Increasing the ability of member states to reallocate unused EU funds for other designated investment programmes (if they so wish).	Supporting open government reforms by strengthening external transparency (open data, procurement reforms, establishing anticorruption authorities).
Project 5	Reforming and strengthening the ESM.	Embedding financial inclusion and literacy in the financial system.	Showing global leadership in implementing a taxation system which ensures everyone contributes their fair share.	Increasing the capabilities of those bodies dealing with the oversight of EU and member state spending.	Strengthening coordination capacity by merging and reducing public agencies/bodies where possible.

Decarbonisation and Energy Security

The European Union has been the most influential global actor in advancing the international agenda on decarbonisation and the fight against climate change. The 2019 European Green Deal and the EU's common goal of carbon neutrality have set the golden standard for the international community and are an invitation to deeper international cooperation. Unfortunately, global realities don't always align with this vision, with ambitions and aims pledged in the previous decade looking ever harder to achieve. The roll-out of renewable infrastructure has suffered from inflationary pressures and time-consuming permitting processes. Cleantech supply chains have been hit by global disruptions, with Europe realising its dependence on third countries for raw materials and clean energy components. Internally, the transformation project must be balanced with the social cost, inclusiveness and social acceptance. Innovation needs a plurality of approaches as well as political and regulatory predictability. The role of the private sector is crucial to make this transition happen faster than predicted.

Interest in solar and wind capacities is increasing, but the demand comes from a limited number of countries with sufficient fiscal space for the required investments. In many countries, building the additional energy infrastructure (e.g., grids) is key. In parallel, the volatile international energy market has prompted many developing countries to increase their consumption of coal and other fossil fuels to safeguard their energy needs. Finally, the EU is also challenged by the design and production of innovative clean technology, as most of the progress is happening in North America and Asia. In addition, China's state subsidies have nurtured state-backed champions in renewables, electric vehicles and battery units, while the recent Inflation Reduction Act (IRA) in the USA is an additional challenge for European companies' competitiveness.

Energy security remains another pressing concern for European policymakers. In the coming years, the EU might find itself pressured to ensure sufficient quantities of natural gas for the needs of its households and industry. The international liquefied natural gas (LNG) market is saturated with growing competition and limited global supply. The EU overcame the 2022 gas crunch due to extremely expensive emergency shipments and an unusually warm winter. As a result, many European countries had to spend exorbitant sums of public funds to subsidise energy bills and ensure the needed supply. Europe can achieve its long-term decarbonisation goals only if it has access to secure and sufficient energy flows, also guaranteeing its international competitiveness. This also requires a critical review of instruments such as the Carbon Border Adjustment Mechanisms (CBAM), to avoid "green protectionism".

	Program 1	Program 2	Program 3	Program 4	Program 5
	Energy security	Supporting EU clean technologies	Securing Europe's independence on critical materials and technological components	Ensuring global European leadership on a collective decarbonisation effort	Financing the sustainability agenda
Project 1	Improving international partnerships on pipeline gas/LNG/hydrogen imports with reliable third-country counterparts.	Increasing capital funding for European innovation and breakthrough R&D in clean technologies from EU budget and mobilising private capital.	Auditing supply chain vulnerabilities on key materials (lithium, cobalt, copper, etc.) and reducing import dependencies.	Providing international leadership on climate diplomacy: common exchange platforms in the Asia-Pacific; streamlining development cooperation in Africa.	Auditing and rethinking how EU funds (EU budget climate main-streaming + RRF) are allocated and how to bring more added value.
Project 2	Supporting advanced research in nuclear power capacities/small modular reactors, as well as the commercial potential of future breakthroughs in fusion power.	Supporting the competitiveness for European companies without triggering a subsidy race.	Adjusting regulatory framework in member states to sustainably explore and exploit mineral resources on European soil.	Expanding the CBAM together with US support (Climate Club) while avoiding green protectionism.	Preparing for the use of future own resources collected through the CBAM.
Project 3	Implementing energy efficiency measures without imposing intrusive energy austerity requirements which cripple European industry.	Exploring novel carbon capture and storage technologies and promoting their application in industrial production.	Enhancing circular economy on a European level by creating industry standards in design, production, consumption, and re-use.	Enhancing trading of emissions reduction for the developing world.	Aiming for a gradual reduction of national fossil fuel subsidies to open up fiscal space for decarbonisatiron policies.
Project 4	Advancing the integrated energy market, improving infrastructure connectivity, and collaborating on joint gas storage and purchase.	Reducing bottlenecks in connecting novel clean energy capacities with the electrical grid across the EU.	Diversifying Europe's supply on critical materials and technological components.	Shaping global consensus on the overall direction of climate change policy within international fora (COP, G7…).	Reforming the EU Emissions Trading System + long-term revenue.
Project 5	Increasing the domestic supply of clean energy. Further exploration of natural gas deposits and stable domestic production of natural gas as a transitory resource and reliable back-up to renewables.	Establishing international standards for clean technologies and the EV industry.	Creating a European stockpile of critical raw materials.	Mobilising funding through the EU Global Gateway platform on clean energy investment in developing countries in cooperation with the private sector.	Reforming the Energy Taxation Directive.

Defence

The EU needs to brace itself for a period of intense geopolitical competition, where autocratic revisionists are constantly threatening the rules-based international order and pose significant security challenges to the European continent and liberal political systems on a global scale. Russia's full-scale invasion of Ukraine on 24 February 2022 has brought defence policy into the centre of EU policymaking. EU defence cooperation has been in development since the late 1990s, when the focus of said cooperation was primarily on out-of-area crisis management to boost security and stability in the Union's neighbourhood. However, since the early 2010s, its scope has broadened. Today, it covers defence-industrial cooperation, hybrid and cyber deterrence, and military mobility. The EU even has its own mutual aid and assistance clause in Article 42(7) TEU, which France activated in 2016 following the Paris terror attacks.

The EU's ability to act in the field of security and defence continues to suffer from well-known problems: the EU often takes a long time to react; its member states have capability shortfalls in areas such as strategic airlift and intelligence gathering; and the budgets of EU defence initiatives were significantly cut during the previous budgetary negotiations. In addition, Russia is currently the main threat to the security of the European continent, not only on the Eastern Flank and in Ukraine but also in the Southern neighbourhood and the Arctic region. Moreover, the increasing cooperation between Russia and China may further endanger the "European way of life". This underlines the importance of reinforcing EU defense collaboration, which will have positive effects on the transatlantic partnership and bolster the European pillar of NATO. To be an influential international actor and a credible partner, Europe needs to have the necessary means and capabilities to act — with other like-minded partners or alone, if necessary— to handle a wide range of ever more complex security challenges. Importantly, European citizens also demand deeper EU defence cooperation.

The EU must become a genuine Defence Union, and the centre-right should play a central role in shaping it. Support for a strong defence policy appeals to our constituencies, while the populist-anti-European right and left often oppose any further defence integration, due to their financial or ideological links to Russia, or traditional anti-Americanism. The centre-left also supports robust defence policy but must contend with pacifist and hard-left activism, uncomfortable with contemporary security realities.

	Program 1 Improving transport capacity and logistics for crises (military mobility)	Program 2 Ensuring sufficient European production capacity for armament products	Program 3 Creating an internal market for armament products	Program 4 Reforming the institutional setup/ legal framework of EU defence cooperation	Program 5 Improving the operational dimension of EU defence cooperation
Project 1	Increasing the budget ceiling for military mobility in the 2021-2027 MFF to €5bn.	Creating financial incentives for joint EU-level defence procurement (in addition to VAT waiver), e.g., a larger EDIRPA fund, or EIB loans with low-interest rates.	Creating a common EU arms export policy to harmonise national arms exportations rules.	Transforming the MPCC into a real OHQ, capable of commanding operations at the highest intensity level.	Enhancing the EU Rapid Deployment Capacity to at least 5,000 troops.
Project 2	Creating an RRF-style fund for shared strategic enablers - for strategic lifts, air defence, C4ISR.	Guaranteeing funds through the EIB to de-risk production expansion to replenish stockpiles operated.	Creating a European Defence Procurement Agency to create economies of scale and to keep European countries from competing against each other.	Creating the position of a European Commission Vice-President for Defence Cooperation.	Creating a Coordinated Land Presences Concept to enable the EU to contribute to non-EU European crisis management operations flexibly.
Project 3	Creating a database/ management system of European defence stocks so that countries using the same capabilities could have quicker access to each other's capabilities in times of crises.	Developing an EU security of supply strategy.	Creating a European DARPA to boost research on emerging defence technologies.	Turning the European Parliament Subcommittee on Security and Defence into a full European Parliament Committee.	Increasing the defence interoperability with transatlantic and Indo-Pacific partners through joint missions, exercises, and trainings.
Project 4	Creating a common standard for European rail track gauges.	Creating a European Centre of Excellence for Security of Supply.	Creating a new "Shared Management Fund" to spread defence R&D expenditure more evenly across the EU.	Creating a separate EU Council configuration for defence ministers.	Creating a European Air Defence and Drone Command with integrated logistics, maintenance and training, and a European Cyber Command to boost Europe's offensive cyber capabilities.
Project 5	Organising an annual European military mobility exercise in the framework of CSDP.	Amending the ESG Taxonomy to include responsible defence investment.	Having a defence investment financial instrument, i.e., the ECB, which guarantees the debt of member states for defence investment and procurement purposes, but is conditional on some element of common European procurement.	Creating a European Security Council, modelled after the US National Security Council, to support EU leaders.	Enabling the EU to conduct CSDP operations within the territories of its member states (i.e., reviewing Article 42(1)) to contribute to their security.

Democracy

Democracy is the beating heart and core of the European Union's identity, alongside peace. From its inception in the aftermath of the Second World War, European integration was open only to democratic countries that respected the rule of law and fundamental freedoms. It has also played an essential role in democratising, stabilising and integrating new countries, from Greece, Spain and Portugal in the 1970s and 1980s to the post-communist countries of Central and Eastern Europe in the 1990s and 2000s.

Since the first direct election of the European Parliament in 1979, the EU's democratic system has hugely developed too: by increasing transparency; empowering the European Parliament; making the European Commission more accountable; and even involving citizens in innovative experiments such as the Conference on the Future of Europe. By now, there is a clear dual democratic legitimacy of the EU as a union of states and citizens, each represented in one of the equal co-legislators: the Council and the European Parliament respectively. Moreover, the multilevel nature of EU democracy is recognised through the direct involvement of national parliaments in various capacities, from the ratification of mixed trade agreements to the yellow and orange card procedures which protect subsidiarity.

As a side effect of the last fifteen years of successive crises, EU affairs have also become more politicised. Consequently, European issues have become essential to national democratic debates, and a European public sphere has finally begun to emerge. It is important that democratic accountability does not lag behind actual political and institutional developments, as was at times the case over the last decades whenever new rules and bodies were created outside the EU legal framework in order to react to crisis situations.

As the EU acquires new powers and competencies to manage new challenges in the most diverse fields, the quality of EU democracy, the legitimacy of its institutions, and their responsiveness to the needs and preferences of EU member states and citizens must improve. Moreover, democratic values and institutions face new challenges, such as disinformation, polarisation and lack of trust in the political elites, on the backrop of a world of systemic rivalry.

	Program 1	Program 2	Program 3	Program 4	Program 5
	Stronger EU democratic institutions	Stronger European political parties	More resilient national democratic institutions	Stronger subsidiarity	More effective EU foreign policy action
Project 1	Introducing transnational lists.	Harmonising national electoral laws (e.g., common closing of the polls and compulsory display of Europarties on ballots).	Enhancing the EU's capacity to monitor and prevent degradation of democratic standards in member states.	Amending Protocol 2 TEU to establish clear guidelines on the application of the principles of subsidiarity and proportionality.	Activating all the existing passerelle clauses in the Treaties to introduce QMV in all fields for which it is not legally ruled out (output legitimacy).
Project 2	Granting a right of legislative initiative to the European Parliament.	Reforming party financing and spending rules (e.g., more funding, more leeway to finance weaker members and run campaigns outside EP elections, on non-EU issues and at all levels).	Reinforcing the European Commission's effectiveness in launching infringement proceedings to enforce rule of law and democratic standards in countries where they are violated.	Reinforcing national parliaments' ability to hold their government accountable for EU matters (gold standard for the participation of national parliaments).	Streamlining the EU foreign policy's institutional infrastructure e.g., merging the major part of the EEAS into the Commission and setting up a European Security Council.
Project 3	Turning the Council into a genuine federal chamber of states.	Widening the possibility of members of national parties to engage with European parties.	Better scrutinising the funding of national and European NGOs to prevent abuse by third (domestic or foreign) parties.	Granting longer deadlines for national parliaments to scrutinise subsidiarity under the yellow and orange card procedures and introducing a green card procedure.	Enhancing the EU's engagement in democracy promotion in the global competition with authoritarian powers, as well its role in international organisations such as the United Nations.
Project 4	Giving citizens a say on who runs the EU executive through the Spitzenkandidaten procedure.	Completing the ratification process of the latest proposal amending EU electoral law.	Taking measures to protect democratic processes from disinformation.	Establishing a new constituent court of the ECJ specilised in actions against alleged violations of the principles of subsidiarity and proportionality.	Defining the implications of future enlargements for EU institutions (e.g., EP size and voting patterns in the Council) and preparing to address them.
Project 5	Exploring new forms of deliberative democracy (e.g. citizens' assemblies) in support of representative institutions.	Simplifying administrative procedures for EU political parties to enable stronger pluralism, contestation and participation.	Enhancing the contribution of European parties to strengthen national party systems.	Stronger role of the CoR and the EESC in scrutinising EU legislation when it comes up for revision.	Improving the quality of the policy cycle, as well as the scrutiny, transparency and accountability of EU institutions.

Demography

The European welfare state is being challenged by new realities. People's outlooks on life have dramatically changed over the past decades, including the views on religion and concepts of family and work. Consequences of these societal changes include rising life expectancies as well as stagnating fertility rates, which, when combined, are insufficient for the natural increase of the population. The fulfilment of humanity's efforts to curtail overpopulation and prolong life expectancy has led to ageing in our societies, a trend that has been under way for decades.

Our institutions and policies are unprepared for these developments. National social security systems lack sustainable funding. Labour market rules tend to lag behind the needs of ageing societies, and they do not capitalise on the experience that older workers can bring in. In general, pro-natalist policies in the form of cash transfers to young families have not fulfilled their objectives. The EU's population has been growing only thanks to immigration from outside the bloc, but family reunification - the most frequent type of EU-bound immigration - has only worsened the ratios of workers to non-workers. In Southern and Eastern Europe and in many European regions, continuing demographic ageing is compounded by depopulation and emigration. The COVID-19 pandemic has created a mental health crisis, keeping young people out of schools and jobs.

To mitigate the effects of population ageing and the other phenomena mentioned, it is incumbent on the EU's national governments to create institutional environments that foster both careers and childbearing and that increase the human capital. As for birth numbers, the fact that fertility rates in some EU countries are higher than in others suggests the crucial importance of national social policies. Contrary to the notion of women's traditional role in the household, the possibility to have a career and raise children at the same time becomes a key determinant of childbearing.

Health care, affordable housing and life-long learning become crucial in maintaining the well-being of the population and a productive labour force. As for adaptation measures, increasing the labour participation of women, older people, young people and immigrant groups becomes necessary, and so do continuous increases in the state pension age in line with rising longevity. To address depopulation in some countries and areas and the growing regional imbalances within the EU, innovative solutions must be implemented.

	Program 1	Program 2	Program 3	Program 4	Program 5
	Forging a productive and child-friendly society	Increasing the labour participation of women	Boosting labour market participation of young and older people and strategies for an ageing population	Improving labour market participation of ethnic groups and diasporas	Addressing depopulation of countries and regions
Project 1	Creating a societal and institutional environment that is conducive to family formation and childbearing.	Offering part-time and flexible contracts to attract women into the labour market.	Increasing the state pension age and developing flexible retirement schemes.	Increasing the effort to integrate immigrants, including by insistence on language learning.	Creating regional innovation clusters of universities and SMEs to attract and retain young people outside the metropolitan areas.
Project 2	Encouraging hybrid forms of employments, which allow for additional training and mobile communication.	Providing a universal territorial coverage of childcare facilities through public and private services.	Reducing the share of young people who leave school without basic skills and addressing youth unemployment.	Creating conditions for immigrants to take up work or self-employment.	Creating re-integration strategies for the return of EU citizens to their countries of origin.
Project 3	Fostering an economic system that allows talents to thrive, by providing flexible work arrangements, easier mobility and support for entrepreneurs.	Creating legal conditions for men to be able to parent, and fairly balancing family and work life for men and women.	Creating new services for older people to increase total employment rate.	Upskilling immigrants with low levels of education and work experience.	Developing targeted policies to attract non-EU migrants to fill positions in depopulating areas.
Project 4	Investing in health care and housing, to ensure well-being and productivity of the population in general and young families in particular.	Ensuring equal pay to attract women to job positions at all levels.	Developing digital competencies education programmes for employees in general, and older employees in particular.	Improving mechanisms for the recognition of non-EU qualifications, including for Ukrainian war refugees.	Improving spatial planning and promoting municipal cooperation to retain people in rural areas.
Project 5	Increasing social and emotional learning in schools, to tackle the mental health crisis among the young.	Improving conditions for women and men to care for the elderly.	Preparing for a higher demand in professional or semi-professional caregiving.	Limiting overly generous family reunification policies and promoting productive immigration.	Accelerating depopulation in selected locations and focusing infrastructure elsewhere in the country.

De-risking globalisation

The European Parliament defines deglobalisation as the movement "towards a less connected world, characterised by powerful nation states, local solutions, and border controls, rather than global institutions, treaties, and free movement". For the EU, this trend poses significant structural challenges given the bloc's traditional reliance on multilateralism and global cooperation.

Even before the Russian aggression against Ukraine, the COVID-19 pandemic and rising geopolitical tensions have shown the vulnerability of global supply-chain systems. In key areas such as digitalisation or green technologies, the USA and China are subsidising their industries, disadvantaging European companies while simultaneously restricting access to their home markets. Programmes 2 (De-Risk EU-China Relations) and 5 (Ensure Security of Supply Chains) specifically focus on these areas.

Europe has also always been a herald for open markets and globalisation. Yet, even as Europe is undergoing a massive transformation towards a low-emission economy, it should not build "green walls" and engage in a subsidy race that may damage its long-term competitiveness. Rather, the priority should be to create alliances of the willing and to promote the EU as a regulatory leader and reliable partner for third countries, in particular in the Global South. A strengthening of the Transatlantic trading relationship will continue to be a key element of this strategy.

Our recommendations across interlinked Programmes 1 (Strengthen the Transatlantic Relationship), 3 (Work with Global Partners to Shape Global Trade) and 4 (Build a Competitive and Flexible Industrial Policy) provide a range of proposals designed to reinforce the competitiveness of European businesses and protect the Single Market, particularly with regard to key net-zero industries.

	Program 1	Program 2	Program 3	Program 4	Program 5
	Strengthening the transatlantic relationship	De-risking EU-China relations	Working with global partners to shape global trade	Building a competitive and flexible industrial policy	Ensuring security of supply chains
Project 1	Formalising and expanding the TTC as the primary mode of EU-US cooperation on de-risking.	Making full use of the novel EU anti-coercion instrument as a tool of deterrence and limiting Chinese targeted actions on trade or investment against specific EU member states.	Expanding a global EU trade policy that is assertive in signalling our commitment to free and fair trade.	Simplifying state aid and competition rules to allow (temporary) financial support in strategic sectors.	Developing specific risk scenarios and stress-testing supply chains for essential products, in cooperation with the private sector.
Project 2	Increasing transatlantic bilateral trade through a permanent process of mutual recognition and standardisation (sector by sector).	Initiating a thorough review of European outbound investments to China which increase dependencies or transfer critical technologies. Consider providing the legal base for a permanent EC mechanism for outbound investment screening.	Working with likeminded states to revitalise multilateralism and global trade rules (e.g., in the WTO).	Repurposing existing EU resources – not additional borrowings – to drive industrial transformation.	Boosting Europe's domestic production of certain minerals or energy resources in order to limit reliance on third countries. Fostering dedicated industrial alliances at EU level to boost future production domestically.
Project 3	Working together to ensure that sanctions and export controls are fully applied on Russia and Belarus.	Reducing critical dependencies on China for raw materials, pharmaceuticals and technological components in order to increase economic security and decrease our trade deficit with China. De-risk where possible, de-couple where necessary.	Engaging constructively in the Global South to spread the benefits of trade fairly, especially in less developed states.	Better enforcing existing agreements and use of trade defence instruments to better screen inward investment into European markets.	Ensuring extensive collaboration with international Allies from NATO/ G7 countries on early warning for potential disruption of key supply chains.
Project 4	Establishing a "China" working group (under the auspices of the TTC) to reach agreement on a shared approach to Beijing on key industrial, tech and trade issues.	Conducting an EU-wide overview of major Chinese investments and holdings in critical infrastructure. In parallel, the Foreign Direct Investment Screening Regulation should be reviewed and expanded.	Ensuring that climate and sustainability are embedded in all trading agreements on the basis of reciprocity.	Extending the scope of PCI to include industrial projects outside of energy.	Prioritising shorter supply chains in key areas (food, technology, medicine) from trusted international partners.
Project 5	Expanding the work of the EU-US Task Force on Energy Security to guarantee security of supply and protection of critical energy infrastructure.	Cutting the growing penetration of untrusted Chinese vendors in critical digital infrastructure and communications networks on national and local level within the EU.	Developing bespoke arrangements for states in the EU's direct neighbourhood to incrementally access the internal market.	Further expanding the European skills agenda to up-skill and re-skill Europe's industrial workforces.	Developing contingency planning and coordination on European stockpiles of key components/ technologies/ medicine.

Digital Single Market and Infrastructure

In recent years, the EU has tried to solve some of the most complex challenges when it comes to protecting user privacy, fighting malign disinformation or trying to restrain unlawful digital surveillance. The Old Continent is making an ambitious attempt to pioneer the global golden standard in legislation for the online realm. From a novel approach to Artificial Intelligence governance to a revamped understanding of competition law in the digital domain, the EU's ambitions are high.

However, the best way for Europe to compete globally is by going beyond piecemeal legislation. The EU must tackle inconsistent regulations, close infrastructure gaps, promote investment, and facilitate secure yet speedy data flows. Certain European regions still lack the necessary digital infrastructure. Many European tech companies struggle to offer their services outside national borders and expand their reach to a genuinely European customer base. These issues are all integral to helping turn the Digital Single Market into a tech hub for global business. The pressure is growing from the US and China, who have shielded many of their digital giants from international competition and nurtured them with huge direct and indirect subsidies.

Completing the Digital Single Market is becoming an essential prerequisite for maintaining the EU's global competitiveness in the years to come. Ensuring the production and import of next-generation semiconductors, joint European funding for breakthrough R&D, or access to secure global supply chains must become a reality rather than remain an aspiration. Not least, this also becomes a question about our European society's collective security and fundamental interests. The resilience of hardware infrastructure and software services throughout the EU is more than a mere technical concern – this touches upon sensitive user data, intellectual property and national security concerns. The EU needs to boost its internal connectivity and digital excellence and prepare for ever-expanding global threats coming from hostile actors, malicious digital applications and state-led malign influence online campaigns.

On the international front, the EU needs to continue its landmark efforts to shape the gold standards on tech regulation and to partner with like-minded countries globally. There is a myriad of potential spillovers or joint interests which could be pursued in the fields of digital trade, infrastructure rollout and cybersecurity. When it comes to international partnerships, the transatlantic alliance remains a key pillar for Europe's digital agenda.

	Program 1	Program 2	Program 3	Program 4	Program 5
	Roll out of next-generation secure digital infrastructure and hardware	Completing the European digital single market	Creating a European technological excellence and data space	Focusing on the needs of EU citizens	Achieving global leadership through enhanced EU- US cooperation
Project 1	Excluding high-risk vendors from building and servicing Europe`s critical digital infrastructure/ next generation 5G equipment.	Promoting the digital transformation and improving the digital intensity within European SMEs.	Revamping the GDPR to ensure better enforcement and recalibrating privacy safeguards.	Creating secure European digital infrastructure for frictionless and transaction cost-free digital payments.	Increasing joint funding efforts in connectivity and digital infrastructure initiatives in Asia, Africa and Latin America.
Project 2	Improving efforts on semiconductor manufacturing/ imports and overall resilience of technological supply chains. Amplifying the ambition of the EU Chips Act.	Overcoming national boundaries and legal barriers for EU companies and services to operate frictionlessly across the Union.	Protecting European data from misuse or unlawful surveillance through rigorous data sharing regimes with third countries.	Ensuring the supranational implementation of the EU AI Act to promote ethical and trustworthy AI.	Cooperating on export controls and dual-use items in breakthrough tech with advanced military applications.
Project 3	Promoting joint efforts on quantum computing and encryption breakthroughs.	Providing better support for European companies through public funding and improved access to venture capital.	Expanding EU competencies to investigate and potentially ban malicious third-country digital applications.	Completing the European Health Data Space.	Making joint efforts on secure supply chains for advanced technology/ components.
Project 4	Integrating a comprehensive framework for cyber resilience of digital products, hardware and ubiquitous IoT applications.	Overcoming the fragmentation of the FinTech national landscape, as a vital component towards completing the CMU.	Pooling joint resources and scientific capacity for advanced research projects to ensure the EU's long-term competitiveness.	Ensuring European citizens' right to freedom of speech online, while curbing malign influence operations and disinformation campaigns.	Improving transatlantic efforts on intelligence cooperation and preventing grave misuse of technology which threatens the joint security of EU/US citizens.
Project 5	Expanding funding for digital infrastructure and reducing digital disparities between European regions, especially in rural areas.	Improving the antitrust framework of the EU and robust enforcement of the Digital Markets Act.	Increasing R&D expenditure to 3% of GDP of the EU 27.	Overcoming the digital skills gap. Coordination and support of educational initiatives for e-skills.	Developing better cooperation on clean technologies and and co-ordinating anti-dumping policies.

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