Resolution

Restoring Europe's Economic Strength

Adopted by the EPP Political Assembly: 28 and 29 September 2026, Toulouse

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EPP Resolution
"Restoring Europe's Economic Strength"
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As the European People's Party (EPP), we consider relaunching Europe's competitiveness, boosting its reindustrialisation and raising its performance in frontier technologies as one of the main priorities of our political action and an essential path to safeguarding the European way of life. Over recent years, we have been exposed to multiple shocks, including Russia's illegal full-scale invasion of Ukraine, disruptions in supply chains, high energy prices, increased protectionism, unfair competition from some third countries and recurrent threats to multilateralism. Moreover, regulatory complexity and slow productivity growth have further undermined Europe's economy, industrial base and, ultimately, our citizens' welfare.

Faithful to our Bucharest Manifesto, the EPP is playing a leading role in cutting the red tape, tackling excessive bureaucracy and relaunching our industry, including disruptive sectors. We are committed to do more to facilitate the life of our citizens and business and unlock the full potential for growth and job creation of our economy in an integrated Single Market, making Europe a more attractive place to invest, innovate, produce and scale up.

Turning this diagnostic into tangible growth requires a coordinated reform agenda targeting R&D, technological innovation, investment and access to capital to boost real economy - including by leveraging appropriate financing mechanisms such as public-private partnerships-, energy cost-competitiveness, deepening the Single Market, scaling-up, expenditure efficiency and labour-market dynamism to effectively realign resources with future productivity. Europe must create the conditions for European companies not only to start in Europe, but to grow, invest and remain in Europe.

We approach climate ambition from a people-centred perspective. For this reason, we believe it must be combined with economic realism, technological neutrality, jobs protection and industrial competitiveness, and that the EU's core industrial and emerging sectors must be defended against carbon and investment leakage. In light of this, a more gradual reduction of the Emission Trading System (ETS) cap after 2030 – as foreseen in the recent proposals to review the System - and a freezing the phase-out of free allowances until the CBAM has proven effective, while making their allocation subject to stricter decarbonisation investment conditions as of 2031, are a constructive step in this direction. While recognising that more needs to be done to strengthen them, they give industry more time and flexibility in line with technological readiness. Investments in decarbonisation and energy efficiency, including those already made, should be credited towards companies' ETS obligations, without additional investment conditions or disproportionate administrative burdens. We also believe that particular support needs to be granted to energy intensive industries, also with sectorial benchmark, based on real performance data, reflecting actual technological progress achieved.

Relaunching competitiveness and boosting reindustrialisation are not possible with unstable and fragmented energy markets that lead to higher energy costs and undermine the Single Market. Reducing the structural energy-cost gap between Europe and its major global competitors must

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therefore be a central objective of European competitiveness policy. We underline the importance of accelerating investment in internationally competitive, affordable, European-made and low-carbon energy, always based on technological neutrality. This includes renewables, nuclear energy, hydrogen, bioenergy, carbon capture and other low carbon and clean technologies, which strengthen Europe's energy independence. We take a careful approach to the mandatory introduction of "electricity quotas", as we believe this could once again lead to double or triple regulation, given the positive progress made towards the targets and the expansion of renewable energy. All legislative proposals relating to energy and climate must be subject to a global competitiveness assessment. Natural gas will remain an important transition fuel for ensuring system flexibility, security of supply and industrial competitiveness - and for this reason, its availability at affordable prices must be ensured - while scalable low-carbon alternatives are fully deployed. Supporting European competitiveness and energy sovereignty over this transition call for using existing and potential new European natural gas resources, while avoiding new strategic dependencies or fossil lock-in beyond the transition period and accelerating the deployment of competitive clean energy solutions. Moreover, we stress the importance of completing the Energy Union by expanding and better connecting existing energy grids - including non-wire solutions helping to expand existing capacities at reasonable costs -, accelerating permitting procedures, containing network costs, strengthening interconnections and storage, deepening electricity market integration increasing the electrification of energy usage and scaling up long-term contracting, while reducing the impact of volatile gas prices on electricity prices. Completing the Energy Union must also include the full and permanent phase-out of remaining dependencies on Russian fossil energy, while strengthening Europe's energy security through diversified supplies and increased domestic clean energy production. We believe that establishing technological neutrality in European energy policy is key, to unleash every low-carbon, fossil-free and dispatchable electricity source available in Europe. A technology-neutral framework would increase investment, improve energy security, accelerate decarbonisation, and reduce electricity costs for households and industries. We are committed to applying this principle in future framework legislation, particularly in defining the post-2030 framework.

We also support the ongoing work to revise the legislation on CO_2 emission standards for cars. By reversing the ban on combustion engine cars in the EU and acknowledging the role played by low carbon and renewable fuels, we are committed to protecting the principle of technological neutrality, as well as to maintaining automotive quality jobs in Europe.

We welcome the Commission's Chemicals Industry Action Plan and support the work of the Critical Chemicals Alliance. We call for accelerated implementation of measures to secure affordable energy, simplify reporting obligations, streamline permitting procedures and strengthen investment conditions for strategic chemical production sites across Europe.

We believe that Europe should become the hub for circular economy, clean technologies and disruptive sectors and technologies that drive economic growth in the years ahead. Flagship measures of the Clean Industrial Deal, such as the Industrial Accelerator Act and the Critical Raw Materials Centre, contain elements vital to enhancing our economic competitiveness and reducing our critical dependencies. Notably, we should swiftly put in place simple and streamlined fast-track permitting procedures for industrial installations and leverage public procurement to boost strategic industrial capacities, where justified by security and resilience considerations, while

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safeguarding open competition, value for money and the integrity of the Single Market, ensuring sustained market access to trusted partners and leveraging reliable partnerships to maximise diversification.

We believe particularly in the need to reinforce our defence industrial basis. The current geopolitical situation has demonstrated that European armed forces should be able to rely on sufficient and autonomous equipment. To reach this goal, after the achievement of the EDIP program, we reiterate the need for the Union to prioritise defence products made and designed by European companies.

Looking at the future, Europe must also close the technology and competitiveness gap with the United States and China, while reducing its reliance on critical and disruptive technologies and infrastructures, particularly artificial intelligence, cloud computing and services, semiconductor manufacturing and data centres. The gap in total factor productivity between the EU and the United States exceeds 20%. We aim at achieving at least a 2% increase in total factor productivity over ten years, also with the aim of covering up to one third of the fiscal costs of the investments needed for the transitions. Strengthening the EU’s technological sovereignty by creating European closely knit industrial eco systems with closed value and supply chains must remain a key priority in the years ahead, while maintaining openness to trusted and reliable international partners. To achieve this, Europe must strengthen its capacity to develop, deploy and scale strategic technologies, while promoting technology transfer, closing its skills and talent gaps and attracting and retaining the best researchers, engineers and entrepreneurs, focusing especially on women’s participation in AI and tech. We recognise that the EU holds 17% of global patents, ranking behind China (25%) and the United States (21%); we aim at returning to the first place. We welcome the approval of the Omnibus on Artificial Intelligence to reduce complexity and encourage innovation, as well as the Commission’s proposal for a Chips Act 2.0. At the same time, Europe must accelerate the uptake of AI across its economy, particularly by SMEs and traditional industries, so that technological progress translates into higher productivity and competitiveness.

Overregulation and self-imposed bureaucratic burdens have slowed Europe’s economy and undermined the competitiveness of our businesses on the global stage. We believe that legislation must be straightforward, accessible, and workable in practice. We commit to the European Commission’s plan to reduce administrative burden by at least 25%, and by 35% for SMEs, by the end of this mandate. We underline the EPP’s leading role in driving the agenda to reduce reporting requirements and eliminate unnecessary red tape through the Omnibus Packages, as well as in recent initiatives to streamline rules related to the classification, packaging, and labelling of chemicals, cosmetics and fertilising products, introduce a new eDeclaration for posted workers, create a new category of Small Mid Cap Companies and simplify security and defence procurement. At the same time, we must remain vigilant about the burden imposed on companies and SMEs by previous legislation, and amend it where necessary, as is currently the case with the Packaging and Packaging Waste Regulation.

Simplification must not be limited to revisiting older legislation. Europe must change its culture of regulation, so that new burdens are not created while old ones are removed, and incentive-based proposals are preferred to bans. Every legislative proposal should be guided by strong scientific evidence, early, broad and comprehensive stakeholder consultation, robust and binding

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competitiveness checks - particularly for SMEs - and comprehensive impact assessments including cumulative cost assessments. Simplification must go hand in hand with maintaining high labour and consumer protection standards. We call for a rigorous application of the one-in, two-out principle, whereby every new obligation is quantified, including its full compliance cost, and matched by the removal of at least twice that burden elsewhere in the *acquis*. We call for a systematic strengthening of the Regulatory Scrutiny Board, with new powers to carry out a consistency check at the outset of any new legislation, as well as responsibility for the 'Annual Burden Survey' in place of the European Commission. Furthermore, the Commission's announcements – such as that regarding a "Simplification Board" (April 2026) – must be followed by concrete action. An 'Efficiency Act' must, by 2028, finally make the 'once-only' principal binding, introduce mandatory regular reviews of all reporting obligations, and establish the principle of clearer regulations rather than open-to-interpretation directives. This will limit 'gold-plating' by Member States.

We consider a comprehensive Single Market, including goods, services, energy, telecommunications, defence and financial services, free from unjustified territorial supply constraints as Europe's greatest untapped source of growth. We call for the implementation of the Roadmap "One Europe, One Market" by the end of 2027, as well as of the proposal on the 28th Regime to support all businesses, in particular start-ups and scale-ups. At the same time, Europe must avoid a subsidy race between Member States that fragments the Single Market and puts smaller economies at a disadvantage. State aid should remain targeted, temporary and proportionate. Completing the Single Market also requires making real progress and a strong commitment in the Savings and Investments Union, including Capital Markets and the Banking Union to mobilise European savings for productive investment and give European companies better access to the capital they need to grow and compete globally. Europe must act decisively. The swift implementation of the Market Integration and Supervision Package (MiSP), together with initiatives to strengthen the competitiveness of Europe's financial sector, must be at the heart of our agenda. A strong, integrated and globally competitive financial system is essential to mobilise investment, drive growth and innovation, and secure Europe's long-term economic strength and strategic autonomy. The ongoing reforms on pension legislation, while fully respecting Member States' competences and the diversity of national pension systems, can contribute to strengthening Europe's economy by giving citizens better opportunities to build supplementary pensions, while mobilising long-term savings for investment, jobs and growth. Stronger pensions mean stronger citizens, stronger capital markets and a more competitive Europe.

Strengthening the resilience of payments in Europe has become a competitive and geopolitical necessity. Europe needs a competitive, innovative and resilient payments ecosystem that reduces strategic dependencies and strengthens the Single Market. We support the ongoing efforts for introducing the digital euro as an alternative to - and not a replacement for - cash payments.

A competitive Europe is built on unlocking the full potential of all citizens through quality jobs, skills development, and equal opportunities. Addressing skills shortages, developing, attracting and retaining talent, investing in upskilling and reskilling, and making full use of Europe's talent pool are essential to higher productivity, innovation and successful reindustrialisation. This includes increasing labour market participation among women, young people and older workers

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who wish to remain active and ensuring fair labour mobility and faster and simpler recognition of skills and qualifications.

We believe in free and open trade and in a rules-based multilateral order as key drivers for economic success, but our openness cannot be one-sided. Reciprocity and a fair level-playing field are key principles in our trade relationship. We call for targeted and assertive measures to protect Europe from unfair trade practices of third countries, in particular China. To stay competitive at a global level, Europe needs also a forward-looking EU industrial and competition policy that allows for the creation of European champions. We encourage the Commission to upgrade current trade defence tools and to leverage the proposal on a Public Procurement Act to strengthen European value chains, while ensuring that third-country suppliers benefiting from closed procurement markets do not enjoy unrestricted access to the European market. We welcome recent steps aiming to protect the European retail sector against unfair competition from third countries and call for considering further steps in the same direction.

As the EPP, we believe that restoring Europe's competitiveness is essential to securing our place as a leading economic, industrial and technological power in an increasingly competitive world. A strong and innovative industrial base is not a return to the past, but an investment in Europe's future. A more competitive Europe will attract investment, create quality jobs, raise living standards, strengthen our resilience and reduce strategic dependencies. Europe must once again be the best place to invest, innovate, produce and create opportunities for people and businesses to grow. Our competitiveness and industrial strength are the foundations of our economic success, social stability and long-term security.

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