

POLITICAL RESOLUTION

For Restoring Growth and Competitiveness in Europe

The Congress of the Union of European federalists (UEF), meeting in Brussels on 26 November 2023,

whereas

- Representing the largest economy in the world, the European Union is committed to ensuring the well-being of its 445 million citizens.
- The EU is the world's largest trader of manufactured goods and services and it ranks first in both inbound and outbound international investments; the EU benefits from being one of the most open economies in the world and remains committed to free trade.
- Climate change and environmental degradation are an existential threat to the EU and to the world. To overcome these challenges, the EU is committed to become a modern, resource-efficient and competitive economy and to achieve carbon neutrality by 2050.
- Economic integration and convergence in the EU shall not give rise to income inequality and social exclusion, this representing a threat to the political stability of national and European democracy.
- Small and medium-sized enterprises are the backbone of the European economy making up the vast majority of European businesses employing around 100 million people throughout the Union and account for more than half of Europe's gross domestic product.

considering that

- The COVID-19 pandemic induced the sharpest peacetime recession in the European Union in 2020, reversing recent progress in rising living standards and leaving deep economic scars among vulnerable populations.
- The establishment of Next Generation EU through the issuance of common debt and the financing of national reforms for recovery and resilience allowed a fast recovery of the European economy, with most of the EU member economies recovering to pre-pandemic levels in 2021.
- The rebound from the pandemic has been disrupted by Russia's war of aggression against Ukraine since February 2022, which has led to an unprecedented humanitarian crisis, as well as economic uncertainty, in particular due to the rise of food and energy costs.
- European and national authorities adopted supporting policies throughout 2022 to help citizens and companies deal with rising energy costs and its inflationary consequences;

- The energy shock caused by the war in Ukraine has coincided with the post-pandemic reopening of the economy this triggering persistently high inflation in the EU; the ECB has been then obliged to tighten monetary policy decisively to prevent inflation becoming entrenched in the economy.
- While the EU Member States managed to quickly diversify the energy supply and emancipated from their dependency on Russia, the difficulty to slow inflation down resulted in a further tightening of monetary policy, thus having implications for growth.
- Aside from these difficulties, many Member States face high public debt levels, as well as macro-economic imbalances, which make them and the Union vulnerable to economic shocks; a process of budgetary consolidation and structural economic reforms is therefore needed.

strongly urges

- The European Union to further deepen the Economic and Monetary Union (EMU) through a reform of the Stability and Growth Pact. The new Pact shall pursue sustainable fiscal consolidation at national level while preserving social cohesion and fostering the process of decarbonisation.
- The European Union and its Member States to sustain an appropriate level of public and private investment needed to boost economic and social resilience and support the green and digital transition, including for greater energy efficiency and for the transition to renewable energy sources while at the same time avoiding excessive and inflationary spending.
- The Member States to support wage developments that mitigate the loss in purchasing power of wage earners, in particular for low-income workers, while reflecting medium-term productivity developments and limiting second-round effects on inflation.
- The European Union to modernise its industrial policy in order to be able to address the challenges of the 21st century. Points out that initiatives such as the Chips Act - while still too modest in ambition - can be a blueprint for how effective European industrial policy in the 21st century might look like.
- The European Commission to create a regulatory environment that allows small and medium-sized companies (SMEs) that are the backbone of the European economy to thrive. That requires first and foremost to better take into account the specific challenges of SMEs in every part of the legislative process.
- The European Commission to take stock of the body of European Union law identifying and addressing unnecessary administrative burdens; in this context, urges the Commission to deliver on the Commission President's promise to reduce reporting obligations by at least 25%.
- The European Commission to introduce legislative proposals to complete the Single Market for goods, services and capitals and thereby to induce economic growth. Points out that in areas such as energy, financial services and even the cross-border posting of workers still many obstacles and bottlenecks exist that need to be overcome.
- The European Commission to modernise its competition policy by streamlining procedures, better taking into account of international developments when it comes to market definition and allowing European companies to become European champions.
- The European Union to implement policies that secure access to critical raw materials for the European economy. The green and digital transition can only succeed if the European industry has unencumbered access to raw materials such as rare earths. Such access must



be ensured via third countries, via better and more effective recycling processes and via the more effective utilisation of resources within the Union.

- The European Commission and Member States to address the skills shortage by fostering vocational education, addressing the gender gap in labour market participation, opening avenues for easier migration of highly-skilled workers and facilitating recognition of degrees and work certifications obtained in third countries.
- The EP and the Council to finalise the adoption of the legislative proposals tabled by the European Commission aimed at promoting a sustainable globalisation and accountability by regulating business activities of transnational corporations and investors at the cost of human rights and the environment, mainly the proposals for a Corporate Sustainability Due Diligence Directive, the Regulation banning products made with Forced Labour, as well as numerous sectoral initiatives including the Regulation on Deforestation Free Products, the Conflict Minerals Regulation and the Critical Raw Material Acts.
- The European Commission and Member States to boost research and development by increased spending, better cross-border cooperation, introducing tax advantages and better commercialisation of basic research.
- The European Commission to implement an ambitious trade agenda fostering a rule-based international trade system, pushing for a reform of the World Trade Organisation and pushing for ambitious and fair bilateral trade agreements.