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#### NOTE

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From: General Secretariat of the Council

To: Delegations

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Subject: Informal meeting of Heads of State or Government (Budapest,  
8 November 2024)  
- Draft declaration

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**Budapest Declaration on the New European Competitiveness Deal**

Faced with the new geopolitical reality, and economic and demographic challenges, we, the Leaders of the European Union, are determined to ensure our common economic prosperity, making the EU the first climate-neutral continent in the world and ensuring the EU's sovereignty, security and global influence. Building on the work started in Versailles, and pursued further in Granada, Brussels and in the Strategic Agenda, we will make the Union more competitive, productive, innovative and sustainable, while at the same time ensuring economic, social and territorial cohesion, convergence and a level playing field both within the Union and globally.

We welcome the reports 'Much more than a market' by Enrico Letta and 'The future of European competitiveness' by Mario Draghi that identify critical challenges and make future-oriented recommendations. They provide a solid foundation on which we will ambitiously advance our work. We seize their wake-up call. It is imperative that we urgently close the innovation and productivity gap, both with our global competitors and within the EU. We will work in unity and solidarity for the benefit of all EU citizens, businesses and Member States.

To boost our competitiveness all instruments and policies must be harnessed, in a comprehensive and coherent manner, at both EU and Member State level. Business as usual is no longer an option. Today, we stress the pressing need for decisive action to meet these challenges and call for a determined collective effort on the following competitiveness drivers, as outlined in the April 2024 European Council conclusions:

1. Intensifying our effort to ensure a fully functioning Single market and unlocking its full potential as a key driver for innovation, investment, convergence and economic resilience. To this end we invite the Commission to present by June 2025 a new comprehensive horizontal strategy on the deepening of the Single Market including a roadmap with clear timelines and milestones.

2. Achieving a Savings and Investments Union by 2026, creating truly integrated European capital markets accessible to all citizens and businesses, in particular SMEs. This should allow our innovative companies to scale up. Furthermore, greater equity investment would contribute to securing EU competitiveness in critical technologies. Further progress is needed to complete the Banking Union.
3. Ensuring our industrial renewal and decarbonisation, keeping the EU an industrial and technological powerhouse. To that end we will develop a European industrial policy to ensure the growth of tomorrow's key technologies, while paying particular attention to traditional industries in transition. We invite the Commission to present, as a priority, a comprehensive industrial strategy for competitive industries and quality jobs.
4. Launching a simplification revolution ensuring a clear, simple and smart regulatory framework for businesses, in particular for SMEs. We must move to an enabling mindset allowing business to flourish without excessive regulation. Key objectives to be implemented without delay include reducing reporting requirements by at least 25% and inviting the Commission to include red-tape and competitiveness impact assessments in proposals.
5. Increasing our defence readiness and capabilities by strengthening our defence technological and industrial base. In this respect the High Representative and the Commission will present without delay developed options for public and private funding. We will also exploit the potential of the space industry.
6. Putting Europe at the forefront of research and innovation globally, especially in disruptive technologies, and delivering on the objective of reaching 3% of GDP by 2030. We are ready to work on a 'fifth freedom', focusing the free movement of research, innovation, knowledge and education.

7. Pursuing the dual objective of strategic energy sovereignty and delivering on our climate neutrality goal by 2050 and building a genuine Energy Union characterised by a fully integrated energy market as a matter of priority, through the decarbonisation of our energy mix and the supply of affordable and clean energy for all our citizens and businesses. Urgent measures will be taken to address the situation resulting from high and volatile electricity prices in Europe.
8. Building a more circular and resource-efficient economy and developing an integrated market for secondary materials, especially for critical raw materials. To this end, we invite the Commission to present its Circular Economy Act.
9. Strengthening the EU technological capabilities, accelerating the digital transformation across industries and fostering the development of innovative technologies. We invite the Commission to make proposals in this regard by June 2025.
10. Harnessing Europe's talent to foster high-quality jobs throughout the Union. We will aim to strengthen social dialogue, uphold equal opportunities and reduce inequalities in line with the European Pillar of Social Rights.
11. Pursuing an ambitious, robust, open and sustainable trade policy, with the WTO at its core, which defends and promotes the EU's interests, economic diversification and resilience.
12. Delivering a competitive, sustainable and resilient agricultural sector and providing a stable and predictable framework for farmers and strengthening their position in the food supply chain.

## *Financing*

The competitiveness challenges we face will require significant investment, mobilising both public and private financing. We are committed to exploring and leveraging all instruments and tools to match our goals: the Multiannual Financial Framework as an essential mean to deliver on our strategies; the Capital Markets Union to mobilise private financing; the increased involvement of the European Investment Bank. We will explore the development of new instruments. We will continue to work towards the introduction of new own resources.

The need for a unified response has never been more compelling. We call on all EU institutions, Member States and stakeholders to urgently implement and deliver this New European Competitiveness Deal. We will continue to provide further strategic guidance and regularly review progress over the coming year.

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