

The Draghi Report: What Business Leaders Need to Know

Mario Draghi did not mince words in early September when he released a 400-page report on European competitiveness. “My concern,” said the former Italian Prime Minister and former President of the European Central Bank, “is that, over time, we will inexorably become less prosperous, less equal, less secure, and, as a result, less free to choose our destiny.”

To avoid that future, he proposed investment of €750 billion to €800 billion annually, far more than the Marshall Plan in today’s euros, to prevent the European economy from falling behind those of the US and China. Those investments would support a unified, productivity-first industrial policy for the EU that my colleagues in BCG’s Center for Geopolitics have synthesized into an [action-oriented summary](#) with implications for business leaders in Europe and beyond. They focused on three major points:

European competitiveness is at the heart of Draghi’s proposed industrial strategy. Europe should be derisking—but not decoupling from the world. This means building critical minerals partnerships, investing abroad in resilient supply chains, and balancing decarbonization and competitiveness in the EU’s green-growth agenda by, for example, supporting heavy industries on their decarbonization path.

Entrepreneurs and innovators face critical hurdles in bringing breakthrough innovations to market in the EU. Only four of the world’s top 50 tech companies are European. This failure to scale companies and innovation is at the heart of Europe’s productivity gap with the US. Among other proposals, the report suggests reshaping European capital markets to encourage—and accelerate—innovation and capital formation.

The EU needs less regulatory complexity and a unified approach to industrial policy. The report advocates policy coordination and regulatory simplification through the creation of a new “competitiveness coordination framework” to restore economic vitality. The goal is to bring together the digital, AI, decarbonization, economic security, competitiveness, and social cohesion agendas into a consolidated EU industrial strategy.

More Than Words

The Draghi report was requested by European Commission President Ursula von der Leyen, who used it to shape her economic agenda. In appointing new commissioners, von der Leyen gave them “mission letters,” directly reflecting the report’s recommendations. This is not a report meant to collect dust, even if its recommendations are sweeping. Against this backdrop, business leaders should be preparing.

Companies in heavy industries, such as chemicals, steel, and paper, may receive governmental support to decarbonize their supply chains. Farsighted companies will have operational plans in place to take advantage of this support.

Companies in the economic “hot spot sectors” of the future, such as electric vehicles, green tech, and AI, will receive support for strengthening supply chains in critical areas such as semiconductors and clean energy. The report’s policies also encourage them to collaborate within and across industries to accelerate innovation and reduce reliance on non-EU suppliers. In particular, the Draghi report highlights the need to build a stronger European defense industry by developing local technologies and innovations that will spill over into the broader economy—as has happened in the US.

For innovators, the report provides a once-in-a-generation moment to catalyze R&D and makes the case to stay in the EU rather than seek fortunes elsewhere. The report recommends expanding programs like Horizon Europe to provide more financial support for high-impact research, particularly in key sectors like clean energy and advanced manufacturing. It also proposes simplifying intellectual property regulations and strengthening university-industry collaborations to encourage the commercialization of research.

For all companies, the report’s support for a stronger European

market provides an opportunity to achieve scale, expand geographically, and take advantage of technology transfer. Likewise, the report's call for regulatory relief and simplification may enable growth and greater access to funding.

The success of the EU's unfolding industrial strategy will ultimately be judged in the market. Will the EU and governments be able to turn the recommendations into legislative and regulatory action—and win the hearts and minds of the population? Will companies have the will and staying power to pursue this far-reaching agenda? Can they collaboratively unlock innovation and growth? These are pressing questions for European leaders for the rest of this decade and beyond.

Until next time,



Christoph Schweizer
Chief Executive Officer

Further Insights



[The Draghi Report, Industrial Strategy, and the New EU Commission](#)

The former head of the European Central Bank calls for sweeping economic reform.

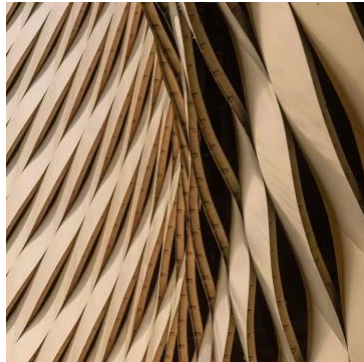
[READ MORE](#)



BCG's Center for Geopolitics

BCG's Center for Geopolitics offers insights and strategies to navigate global power shifts, helping businesses prepare for the future of geopolitics.

[READ MORE](#)



The CEO's Guide to India

It's getting easier to do business in India, but it's still challenging. Here's how CEOs can avoid common mistakes and successfully navigate India's burgeoning opportunities.

[READ MORE](#)