



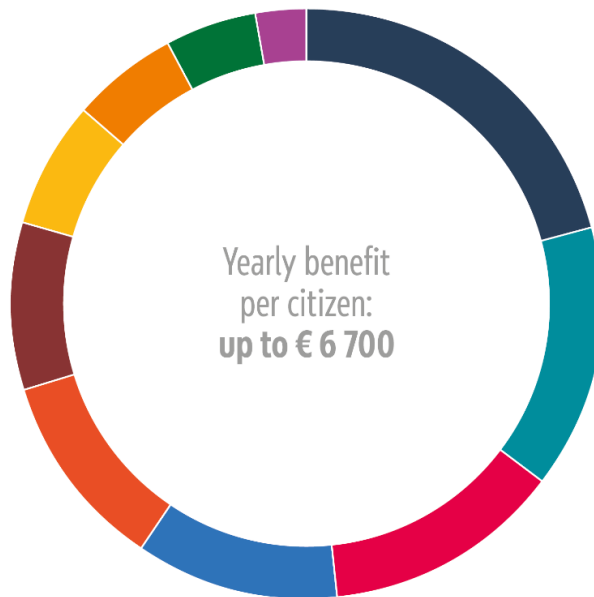
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# Ten ways that Europe could do more for you

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Mapping the cost  
of non-Europe

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## STUDY

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**EPRS | European Parliamentary Research Service**

European Added Value Unit  
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# Ten ways that Europe could do more for you

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## Mapping the cost of non-Europe

Global challenges – including climate change, geopolitical conflict, erosion of democratic principles and social inequalities – affect people's daily lives and future prospects. A collective European response over the next 10 years could help to address these challenges – and offer benefits worth up to €3 trillion a year. This represents around 18 % of EU gross domestic product (GDP), equivalent to €6 700 per citizen per year. Referring to the European Parliament's work during the 2019-2024 term, our research has identified action in 10 policy areas that could unleash Europe's potential – without the need for Treaty change.

This paper has been drawn up by the European Added Value Unit of the Directorate for Impact Assessment and Foresight, within the Directorate-General for Parliamentary Research Services (EPRS) of the Secretariat of the European Parliament.

**EDITOR:**

Lauro Panella, European Added Value Unit

E-mail contact: [EPRS-EuropeanAddedValue@ep.europa.eu](mailto:EPRS-EuropeanAddedValue@ep.europa.eu)

**AUTHORS:**

Lauro Panella, Margarida Arenga, Marco Centrone, Christof Cesnovar, Meenakshi Fernandes, Aleksandra Heflich, Lenka Jančová, Christa Kammerhofer-Schlegel, and Jérôme Saulnier, European Added Value Unit; Giulia Finauri, trainee in the European Added Value Unit. The authors acknowledge Cecilia Navarra, European Added Value Unit, and Lada Jurica, Strategy and Innovation Unit, for their review and input, and Lena Vestberg, European Added Value Unit, for her editorial assistance.

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[eprs@ep.europa.eu](mailto:eprs@ep.europa.eu)

<http://www.eprs.ep.parl.union.eu> (intranet)

<http://www.europarl.europa.eu/thinktank> (internet)

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## Message from the Director-General

More than 400 million Europeans will have the opportunity to vote for new representatives in the European Parliament in the 2024 European elections. A lot is at stake. European citizens from young to old will have a voice in shaping their future.

These elections are about the path that will be taken in the face of challenges such as climate change, increasing geopolitical tensions with Russia and China, an ageing population and rising social inequality. Such challenges are not limited to just a few regions or Member States; they cut across borders and affect everyone. A common European response can be better than separate, uncoordinated action at national, regional and local levels.

The European Union (EU) has already played an important role in building a single market across Member States, setting environmental standards, and promoting human rights on the international stage. But it can and must do more. To simply rest on our laurels would incur a heavy cost for society, a cost we call the 'cost of non-Europe'. This cost could be avoided with greater EU investment, laws to harmonise approaches across Member States, and better communication and coordination of Member State action. The European Parliament, which is the only EU body that has members directly elected by citizens, is at the forefront of building an ambitious vision for Europe's future.

This study finds that the cost of non-Europe remains significant – up to €3 trillion overall – and affects citizens' quality of life, their environment and communities. The work is grounded in research and evidence, and gives full consideration to the EU Treaties. Such an analysis is critical in this age of information overload and disinformation, which is a grave threat to democracy. Bold thinking in such times is no easy task.

It is up to citizens and the representatives they elect to see this true potential of the EU and to make it a reality. I invite you to learn more about what more Europe could do and how it can contribute to a stronger, more resilient, and more prosperous community.

### **Anders Rasmussen**

Deputy Secretary-General, European Parliament  
Director-General, European Parliamentary Research Service (EPRS)



## Executive summary

### Why this study?

Since the signature of the Treaty of Rome in 1957, **European integration has ensured peace and advanced democratic governance, environmental protection, innovation and economic growth.** Efforts to create the euro and to strengthen the single market<sup>1</sup> are credited with raising incomes by at least 6 %.

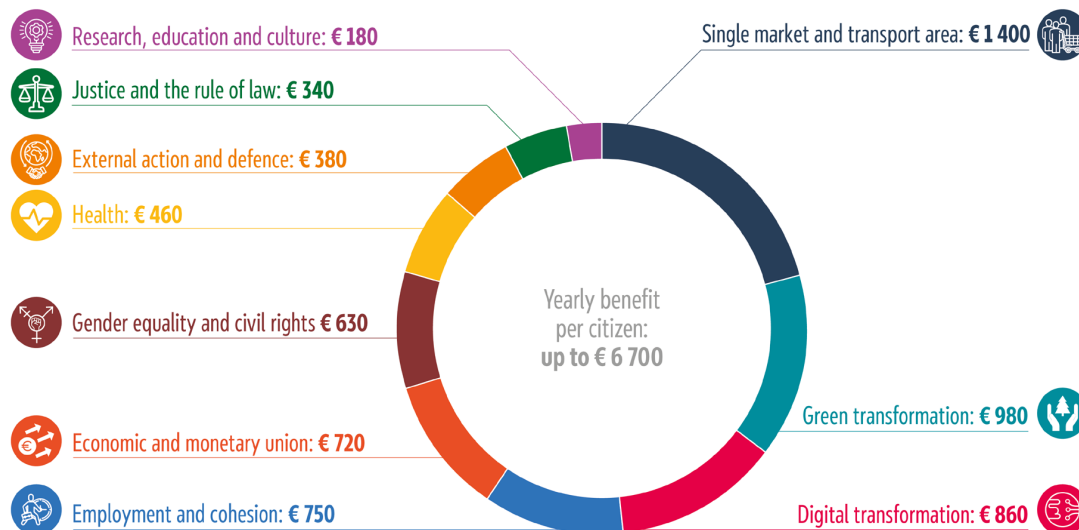
Yet, **Europe could offer more to ensure an effective response to cross-border challenges** such as climate change, widening social inequality and wars that affect people's daily lives and future prospects. The European Union (EU) could take further action to boost the provision of public goods, generate efficiency gains, reduce administrative costs and integrate the impacts of externalities.

This study applies the **cost of non-Europe methodology**<sup>2</sup> to assess the potential benefits of more EU action in 10 policy areas. It considers different intensities and forms of EU action, from legislative to non-legislative, budgetary spending, savings for national budgets, investment and guarantees, assistance, supervision and enforcement action or involving citizens and communication.

### What are the key findings?

This study investigates where the greatest opportunities lie for more EU action – which has the potential to generate **up to €3 trillion each year by 2032**, or about 18 % of the EU's 2022 GDP. This is equivalent to €6 700 of potential benefits of greater EU action per citizen per year in the EU.

Potential benefits of ambitious common EU action in 10 policy areas



Source: EPRS.

<sup>1</sup> See T. Evas, A. Heflich, N. Lomba, [Coronavirus and the cost of non-Europe: An analysis of the economic benefits of common European action](#), EPRS, European Parliament, February 2023.

<sup>2</sup> See E. Cesnovar Cristoff, M. Fernandes, A. Heflich et al, [Mapping the cost of non-Europe report: Theoretical foundations and practical considerations](#), EPRS, European Parliament, October 2023.

The benefits reflect economic gains, as well as gains in terms of social and fundamental rights, and also protection of the environment. The benefits of more EU action could take up to 10 years to realise, depending on the policy area and the specific measures underlying the EU action.

Based on a mapping of the cost of non-Europe, **the study identifies 10 key proposals** for EU action (one per policy area analysed) that are most relevant to realising Europe's untapped potential. Each key proposal is supported by resolutions and reports adopted by the European Parliament during the 2019-2024 legislature. Findings from this study can contribute to the setting of EU policy priorities in the 2024-2029 legislature.

What are the conclusions?

**The costs of EU inaction are high.** Citizens, civil society and businesses are paying the costs of a weak Europe. They pay for it in terms of lower income and revenues, lower living standards, and lower quality of life.

**More Europe does not imply a reduction in benefits for Member States.** EU action could take many forms, as illustrated above. Such action naturally need not replace, but could rather enhance the action taken by Member States themselves.

**The benefit of more EU action could be greater and more sustainable when providing public goods,** such as clean air and good working conditions, with a holistic approach. For example, energy policy should consider low-income and rural populations. Social policy must account for the economic situation and ensure that no-one is left behind. Economic reforms should benefit all citizens.



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## 'More Europe' could help to weather the challenges ahead

**European society is facing challenges** such as climate change, geopolitical conflict, erosion of democratic principles and social inequalities. And other possible crises lie ahead – economic due to inflation, instability, debt; health due to increased anti-microbial-resistant infections, and a sharp decline in pollinators on which our food systems depend – that could have grave consequences. Such challenges transcend borders and may be best addressed with a common response from Member States, rather than uncoordinated, fragmented or isolated action.

**Europe must step up its game to face new geopolitical realities.** A common European approach could offer added value by boosting the provision of public goods such as health, environment, social cohesion and defence. The EU could also ensure efficiency gains and savings by substantially reducing the waste of public resources. Action taken at the EU level has the potential to deliver direct positive net gains, taking the form of additional potential income, additional budgetary capacity or additional welfare gains. In turn, these gains – which would not otherwise materialise – will generate further additional second-round effects and spill-overs for Member States. The EU purchase of COVID-19 vaccines and the provision of military and humanitarian assistance to Ukraine already evidence the benefits of common EU action.

The 2024 European elections present an opportunity to **define the path of ambitious common European action**. This ambition would mean setting policy priorities that address citizens' needs and reinforcing policies at the national, regional and local levels. Setting the relationship between the EU and the Member States, the EU Treaties offer some room to move towards the goals that the EU has set for itself, for example in the Charter of Fundamental Rights, the Climate Law, the Digital Decade and the European Pillar of Social Rights. As requested by citizens during the **Conference on the Future of Europe**, the current Treaties might however need substantial revision for the EU to achieve its goals. In November 2023, the European Parliament adopted a resolution<sup>3</sup> calling for the amendment of the Treaties. The European Parliament has a key role to play as it can channel citizens' voices to push for a stronger Europe able to weather the challenges ahead.

The study investigates the costs of not setting an ambitious policy agenda at EU level – the **'cost of non-Europe'**. The costs include not only economic costs, but also costs to society, European values and the environment. More coordinated and common EU action in specific areas could reduce these costs and bring added value for society. Based on the cost of non-Europe analysis, the study presents **10 key policy proposals that could offer the greatest potential added value for EU society**.

The 'cost of non-Europe' – A concept with renewed relevance in challenging times

The concept of the 'cost of non-Europe' was coined by a report undertaken for the European Parliament in the early 1980s, a time of high inflation and economic insecurity, to spur European economic integration. The Albert and Ball report notes that 'it is not Europe which is declining on the downward path of relative underdevelopment and non-growth. It is non-Europe'. The cost of non-Europe includes higher taxes, lost jobs and insecurity. Efforts to promote European integration could avert these costs. The cost of non-Europe concept provided a basis for the landmark Cecchini report of 1988, which contributed to the programme of single market completion at the end of 1992.

While European integration has made substantial progress since then, many opportunities remain for the EU to improve citizens' daily lives. EPRS 'cost of non-Europe' reports highlight these opportunities and support the European Parliament in setting the policy agenda.



<sup>3</sup> [Resolution](#) of 22 November 2023 on proposals of the European Parliament for the amendment of the Treaties.

## Potential benefits of ambitious common EU action in 10 selected policy areas

The potential benefits of ambitious common EU action were investigated in 10 policy areas. Each assessment includes:

- A **situation analysis** of the policy area and the key problems;
- An overall assessment of **potential benefits of more EU action** or the cost of non-Europe in the policy area; and
- A **proposal for EU action**, most relevant to realising Europe's untapped potential and which could offer significant benefits for citizens. Table 1 presents an overview of the policy areas and the proposals for EU action.

Table 1 – Overview of policy areas and proposals for EU action

	Policy area	Proposal for EU action
	#1 Single market and transport area	#1 Continue to address unnecessary regulatory barriers
	#2 Green transformation	#2 Accelerate and ensure a just and inclusive energy system transformation
	#3 Digital transformation	#3 Empower small and medium-sized enterprises (SMEs) to go digital
	#4 Employment and cohesion	#4 Boost European cohesion through structural funds
	#5 Economic and monetary union	#5 Ensure fiscal responsibility and sufficient EU budgetary capacity for more investment
	#6 Gender equality and civil rights	#6 Address gender inequalities in the labour market
	#7 Health	#7 Joint EU health policy
	#8 External action and defence	#8 Build a common EU defence strategy
	#9 Justice and the rule of law	#9 Tackle corruption
	#10 Research, education and culture	#10 Strengthen the EU research and innovation ecosystems

Source: EPRS.

## Guiding principles of cost of non-Europe analysis

The assessments draw from in-depth research presented in a 2023 EPRS study on the mapping of the cost of non-Europe.<sup>4</sup> A number of fundamental principles underpin the methodology of each assessment, namely respect for the **principles of subsidiarity and proportionality**.<sup>5</sup> Subsidiarity does not mean EU action versus no action. Rather, it allows the most appropriate level of governance to assume its responsibility to act in areas of non-exclusive EU competence and for coordination to take place in an efficient way. Member States, regional or local governance levels remain free to act and in some cases action may be necessary at all levels for a given policy. Moreover, it allows for different types and intensities of EU action.



The theoretical foundation of the analysis can be found in the broad cost-benefit analysis principles and more specifically in the costs and benefits of European integration. **The analysis not only considers whether a policy intervention offers more benefits than costs to society, but also the added value of action at the EU level.** The approach is, however, not exclusively focused on monetary indicators and also draws on qualitative approaches when monetary estimation is not available or not relevant.

The analysis considers **different possible intensities and forms of EU action** from legislative

to non-legislative, budgetary spending, investment and guarantees, assistance, supervision and enforcement action, or involving citizens and communications. Importantly here, in principle, the potential benefits of EU action are more evident in areas where Member States have similar positions or when faced with a common challenge. It is not only a question of whether or not European integration is desirable, but how best it could be done.

The quantitative estimations of the cost of non-Europe and EU added value rest on several assumptions. Most notable is that the added value may only be realised when the EU actions are put into place with the support of national, regional and local actors. It depends on the speed at which EU action is implemented. This study considers the benefits of more EU action could take up to 10 years to realise, depending on the policy area and the specific measures underlying the EU action.

A holistic approach to assessing the additional potential benefits of EU action

The cost of non-Europe analysis considers that the EU action could generate additional, potential benefits in five different categories: (1) Economic impacts, (2) Social impacts, (3) Environmental impacts, (4) Fundamental rights impacts, and (5) Other impacts. The assessments highlight examples of these impacts for citizens, businesses and society.

More ambitious, common action could not only produce economic impacts, but also greater gains in terms of social and environmental benefits as well as promotion of fundamental rights. A holistic approach may be more sustainable and generate more EU added value than an approach that is limited to some categories of impact.

<sup>4</sup> L. Panella (ed.), [Increasing European added value in an age of global challenges – Mapping the cost of non-Europe \(2022-2032\)](#), EPRS, European Parliament, February 2023.

<sup>5</sup> E. Cesnovar Cristoff, M. Fernandes, A. Heflich, et al, [Mapping the cost of non-Europe report: Theoretical foundations and practical considerations](#), EPRS, European Parliament, October 2023.

## Policy area #1: Single market and transport area

**Goal:** Facilitate seamless business, travel, study and work for EU citizens, ensuring sustainable free flow of goods, services, and money in the EU.

**European Parliament proposals in this area:** Complete the single market for goods and services, consumer protection policy; establish geographic indications; green and modernise the single European transport area; reduce corporate income tax and VAT gaps.

**Total potential benefit:** Up to €664 billion overall per year or up to €1 400 per citizen per year.

**The key proposal is:** Continue to address unnecessary regulatory barriers:

- Tackle excessive complexity of rules;
- Continue to harmonise different national rules;
- Facilitate access to clear and accurate information.

### Completing the single market is the best path towards prosperity, sustainability and resilience ...

The single market is one of the most successful achievements of European integration, ensuring a high standard of living and opportunities to travel, study, work and do business in one of the largest common markets in the world. Thanks to the single market, EU real per capita income is around 6% higher than it would have been without the single market.<sup>1</sup> This represents a gain of more than €2 000 per EU citizen per year. The aftermath of Brexit further highlights this large beneficial impact of the single market. Moreover, despite some initial short-sighted measures, the COVID-19 crisis brought Member States back together to organise a collective response. To better weather ongoing and future storms, many studies emphasise the large untapped potential of the single market, in particular in the delivery of services.

### ... and the EU could do more to address remaining challenges

The European Parliament has called for more action at the EU level to ensure business freedom, facilitate free movement, and intensify competition within the single market.<sup>2</sup> It is notably essential to address distorting home bias,<sup>3</sup> remove barriers to service provision, and reduce excessive administrative complexity. Joint public procurement could be further developed while consumer protection<sup>4</sup> could continue to be updated, for instance, to lengthen the lifespan of products. Harmonisation of rules and labels would guarantee better protection for geographical indications.<sup>5</sup> Intra-EU transport infrastructure could be more sustainable, and better connected and maintained. Tax loopholes<sup>6</sup> could continue to be reduced. The 2023 EPRS study indicates that taking such action could yield significant benefits for EU citizens, amounting to approximately €664 billion collectively, which is equivalent to an estimated €1 400 per citizen per year.

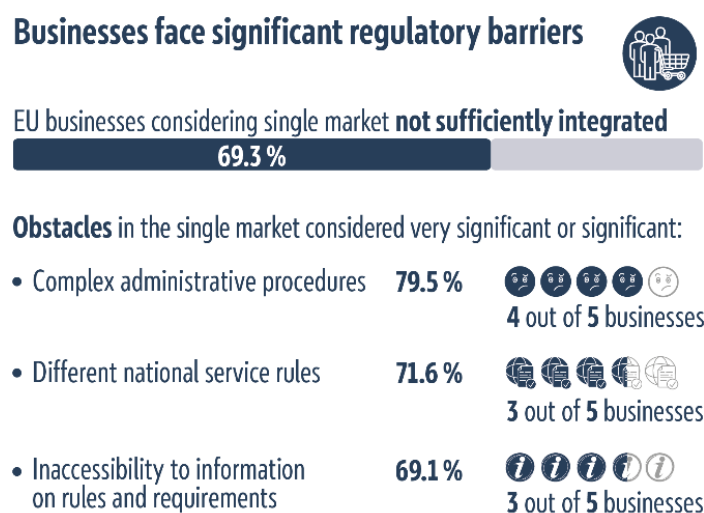
## Potential benefit of further EU action



## Key proposal: Continue to address unnecessary regulatory barriers

A comprehensive survey of businesses finds that excessive and costly administrative complexity persists in the EU and reduces opportunities especially in the provision of services. As a result, some EU businesses, for instance in distribution, transport, engineering, accounting and legal services, still face limited competition and are not encouraged to improve quality, to innovate and to expand.

Figure 1 – Barriers for businesses in the EU



**Note:** information based on Business Survey from Eurochambres, interviewing 1 107 entrepreneurs in the EU, divided between service providers and producers.


Source: EPRS based on [Eurochambres Business Survey on Single Market Barriers and Solutions](#), 2019.


Dealing with administrations at different levels, filling in disparate forms in foreign languages, translating and certifying documents and procedural steps that sometimes require in-person presence is particularly difficult and costly for SMEs and start-ups.


Fragmented national public procurement and tax systems; separate national markets for financial services, energy, and transport; and inefficiencies in the judicial system, especially the time taken to comply with court rulings; persistently hinder business activities. Access to clear and accurate information is especially crucial. This is also true for consumers who, in the face of multiple labels – particularly environmental labels, often encounter misleading claims.


## What would the proposal entail?

The key proposal would include several EU actions to effectively tackle the remaining barriers in the single market, as called for by the European Parliament in its resolution adopted in February 2022.<sup>7</sup> Such actions could:

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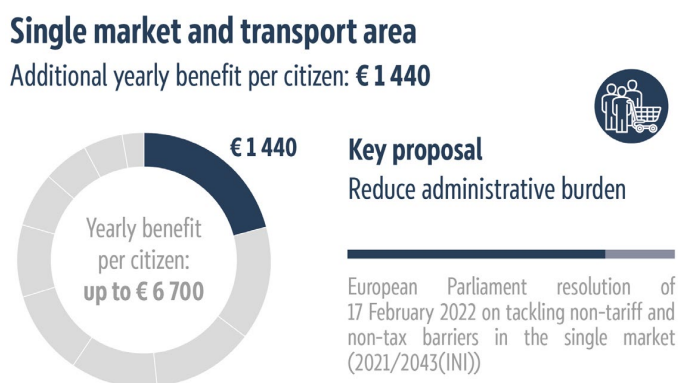
Launch a permanent taskforce on administrative simplification with clear and measurable targets that takes all levels into consideration to address the growing cumulative administrative burden;
- 

Evaluate deepening the single market and further harmonisation of national rules, in particular for services;
- 

Propose an enforcement mechanism to reduce lengthy infringement proceedings and to reduce differences in time taken to comply with court rulings; and
- 

Improve information to tackle home bias, administrative cost and transparency, in particular in public procurement.

Figure 2 – Single market and transport area



Source: EPRS.



### What could this mean in practice?

A survey of EU businesses found that when asked 'Is the single market sufficiently integrated, allowing your company to operate and compete freely?', 69.3% of entrepreneurs still replied 'No'. Businesses and citizens, in general, consider that the level of [administrative burden](#) in the EU is too high. Ongoing regulatory initiatives could multiply requirement and administrative interventions.

Over the last three years, European Commission efforts in this area have brought encouraging but limited results. Recognising some shortcomings, Commission President Ursula von der Leyen announced a series of more ambitious actions in her 2023 State of the Union address.

Yet, more attention is needed to address the long-term future of the single market and reduce the barriers that EU businesses face to operate in the Union. For example, it is necessary to improve how the [legal system works](#) and make public buying procedures and results more [transparent](#). This could happen at all levels to make sure that businesses operate on a level playing field. Removing remaining unnecessary barriers in the single market could significantly boost intra-EU trade in goods and services, which could greatly help business competitiveness and also bring greater product choice and higher quality, lower prices and improve consumer protection.

- <sup>1</sup> G. Felbermayr, J. Jasmin Gröschl and I. Heiland, [Complex Europe: Quantifying the Cost of Disintegration](#), EconPol Policy Brief, No 48, CESifo GmbH, Munich.
- <sup>2</sup> European Parliament [resolution](#) of 18 January 2023 on the 30th anniversary of the single market: celebrating achievements and looking towards future developments (2022/3015(RSP)).
- <sup>3</sup> European Central Bank, [Home sweet home: the home bias in trade in the European Union](#). Working Paper Series No 2046, April 2017.
- <sup>4</sup> European Parliament [resolution](#) of 25 November 2020, Towards a more sustainable single market for business and consumers (2020/2021(INI)).
- <sup>5</sup> European Parliament legislative [resolution](#) of 12 September 2023 on the proposal for a regulation of the European Parliament and of the Council on geographical indication protection for craft and industrial products and amending Regulations (EU) 2017/1001 and (EU) 2019/1753 of the European Parliament and of the Council and Council Decision (EU) 2019/1754 (COM(2022)0174 – C9-0148/2022 – 2022/0115(COD)).
- <sup>6</sup> European Parliament [resolution](#) of 10 March 2022 with recommendations to the Commission on fair and simple taxation supporting the recovery strategy (European Parliament follow-up to the July Commission action plan and its 25 initiatives in the area of VAT, business and individual taxation) (2020/2254(INL)).
- <sup>7</sup> European Parliament [resolution](#) of 17 February 2022 on tackling non-tariff and non-tax barriers in the single market (2021/2043(INI)).

## Policy area #2: Green transformation

**Goal:** Guarantee accessible, clean, secure, integrated, and affordable energy for the benefit of EU citizens and businesses.

**European Parliament proposals in this area:** Transform EU energy systems; avert climate change impacts; reverse EU-driven global deforestation; improve environmental quality.

**Total potential benefit:** Up to €440 billion overall per year or up to €980 per citizen per year.

**The key proposal is:** Accelerate a just and inclusive energy systems transformation:

- Ensure reliable and affordable clean energy;
- Secure long-term, ambitious EU financing;
- Support vulnerable social groups and regions.

### The EU is stepping up the green transformation ...

All over the world, losses due the impacts of climate change and environmental degradation are increasing and are expected to further intensify. The international community has acknowledged that to keep global warming within the 1.5°C warming trajectory, much greater reductions in greenhouse gases (GHG) emissions than currently planned are needed. The EU has been leading by example in climate action by setting first a legally-binding net-zero target by 2050, and adopting climate and energy laws to guide the decarbonisation of its most GHG-emitting sectors such as energy, industry, transport and housing. Amid recent economic and geopolitical crisis, the EU is seeking to boost renewables, to reform the electricity market, reduce fossil fuels imports from Russia and committed to ensuring a fair transition towards climate neutrality.

### ... but to ensure success, the EU must accelerate some action

Many challenges remain to ensure clean, secure and affordable energy for Europeans and to maintain global climate policy leadership. As underlined by the European Parliament, there is a need to reduce energy consumption and keep energy affordable as well as to avoid the green transformation unequally impacting vulnerable citizens and regions.<sup>1</sup> The EU urgently needs to accelerate deployment of renewables, held back by administrative barriers, underdevelopment in grid and storage infrastructure,<sup>2</sup> and the under-used potential of the internal energy market<sup>3</sup> and energy system integration.<sup>4</sup> This requires sustained public financing beyond 2027. In parallel, the transition could address and reverse persisting negative environmental impacts of consumption and production patterns. EU action is important at global level, for example in halting and reversing EU-driven global deforestation<sup>5</sup> and promoting multilateral climate diplomacy.<sup>6</sup> The 2023 EPRS study shows that more EU action to accelerate the green transformation could increase EU GDP by €440 billion per year (equivalent to €980 per citizen per year) and generate other substantial benefits for the EU economy, citizens and the environment.

## Potential benefit of further EU action



More competitive and resilient EU economy



More jobs



Less inequality



Protect our environment



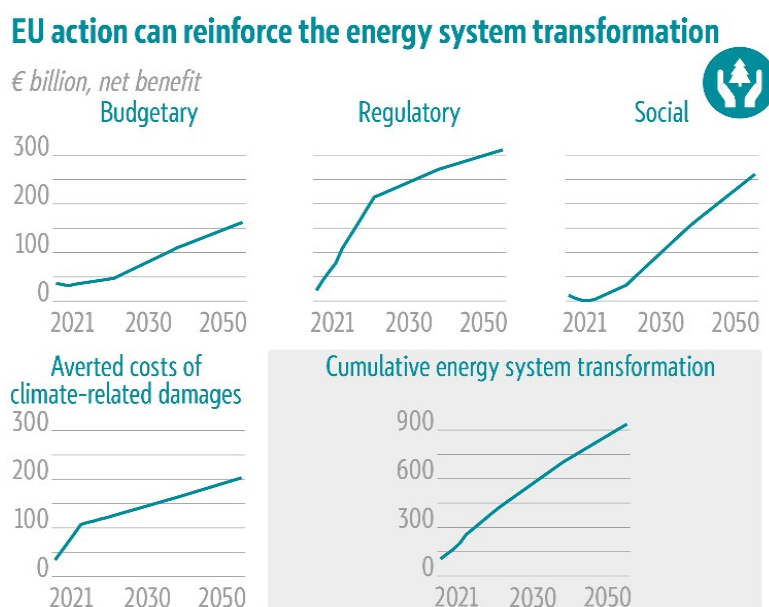
Reduce energy poverty

## Key proposal: Accelerate and ensure a just and inclusive energy system transformation

For EU action to be effective and beneficial, regulations and funding that encourage market development of clean technologies could be aligned with social policies. Without addressing social impacts and ensuring a just energy transition, there is a risk of creating inequalities instead of fostering progress and inclusion.

The 2023 EPRS study finds that increasing energy efficiency, a rapid installation of renewables, as well as further energy sector integration would be the most beneficial in the decarbonisation of the EU economy (see Figure 3). Deployment of clean technologies as well as renovations of buildings could help create nearly 2 million additional jobs. Coupled with the use of revenues from emissions trading and with the EU funds, this could increase EU consumers' green products and services purchasing and consumption power, including those from vulnerable groups and regions.

Figure 3 – Energy system transformation in the EU



Source: A. Heflich, J. Saulnier, [Cost of non-Europe report in EU energy system transformation](#), EPRS, 2021.

## What would the proposal entail?

The European Parliament believes that the climate and environment emergency requires ambitious action. It also contends that achieving the EU's climate neutrality objective requires an integrated energy system with increased energy efficiency, higher proportions of energy from renewable sources, and a commitment to leaving no territory or citizen behind.

The key proposal would include actions to:



Ensure reliable and affordable clean energy by pricing carbon, strengthening EU energy market integration, making real progress in energy efficiency, supporting deployment of renewables and low carbon technologies like green hydrogen;<sup>7</sup>



Secure ambitious, long-term EU financing that includes adequate own resources<sup>8</sup> and dedicated funds<sup>9</sup> for cross-border energy infrastructure;

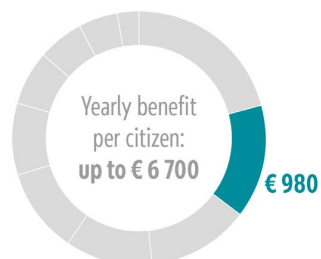


Support vulnerable social groups and regions through common financing and sharing knowledge and best practice on regional and local adaptation efforts.

Figure 4 – Green transformation

### Green transformation

Additional yearly benefit per citizen: € 980



#### Key proposal

Accelerate just and inclusive energy system transformation

European Parliament resolution of 15 January 2020 on the European Green Deal (2019/2956(RSP))

Source: EPRS.

### What could this mean in practice?

In 2022, 1 in 11 EU citizens (over 41 million people) was unable to keep their home adequately warm. The number of [energy-poor citizens](#) has increased by 7 million citizens since 2018. To address climate change and meet its net zero emission target by 2050, the EU needs to increase energy efficiency by boosting house renovations and phasing out EU households' fossil-fuel dependent heating systems. The installation of green technologies such as solar panels and heat pumps must be scaled up dramatically. At least [7 million](#) more heat pumps need to be installed by 2027.

In 2023, EU lawmakers adopted the Social Climate Fund, which will make financial support available to vulnerable households, micro-enterprises and transport users between 2026 and 2032. An estimated €65 billion will primarily come from extending carbon pricing to buildings and transport. An estimated €22 billion would come from the Member States. The amount of financial support is limited in comparison to the scale of the energy efficiency problem in Europe.

The EU and its Member States could ensure long-term and adequate financial support for energy transformation for vulnerable groups. The EU could also help Member States to deliver on the [buildings renovation target](#) and do more on [access to decent and affordable housing for all](#). Detailed EU-level monitoring of the socio-economic impacts of decarbonisation measures across the EU could inform climate policymaking. Ensuring a fair and just energy transformation could increase social cohesion by allowing the whole of society to benefit.

- <sup>1</sup> European Parliament [resolution](#) of 15 September 2022 on economic, social and territorial cohesion in the EU: the 8th Cohesion Report (2022/2032(INI)).
- <sup>2</sup> European Parliament [resolution](#) of 10 July 2020 on a comprehensive European approach to energy storage (2019/2189(INI)).
- <sup>3</sup> European Parliament [resolution](#) of 5 October 2022 on the EU's response to the increase in energy prices in Europe (2022/2830(RSP)).
- <sup>4</sup> European Parliament [resolution](#) of 19 May 2021 on a European strategy for energy system integration (2020/2241(INI)).
- <sup>5</sup> European Parliament [resolution](#) of 22 October 2020 with recommendations to the Commission on an EU legal framework to halt and reverse EU-driven global deforestation (2020/2006(INL)).
- <sup>6</sup> European Parliament [resolution](#) of 21 November 2023 on the UN Climate Change Conference 2023 in Dubai, United Arab Emirates (COP28) (2023/2636(RSP)).
- <sup>7</sup> European Parliament [resolution](#) of 19 May 2021 on a European Strategy for Hydrogen (2020/2242(INI)).
- <sup>8</sup> European Parliament [resolution](#) of 10 May 2023 on own resources: a new start for EU finances, a new start for Europe (2022/2172(INI)).
- <sup>9</sup> European Parliament [resolution](#) of 19 May 2022 on the social and economic consequences for the EU of the Russian war in Ukraine – reinforcing the EU's capacity to act (2022/2653(RSP)).

## Policy area #3: Digital transformation

**Goal:** Speed up the EU's digital transformation by helping businesses to go digital, providing Europeans with digital skills, and strengthening digital system cybersecurity.

**European Parliament proposals in this area:** Set rules for a safer online space; regulate platform economy; establish common rules on artificial intelligence; boost support for SMEs' digital transformation as well as enhancing EU-wide cyber resilience.

**Total potential benefit:** Up to €384 billion overall per year or up to €860 per citizen per year.

**The key proposal is:** Empower SMEs to go digital:

- Promote SME access to finance and venture capital;
- Support SMEs to access digital talent and up-skill or re-skill their current employees;
- Boost cybersecurity resilience for SMEs.

### European businesses are not taking full advantage of digital technologies

To achieve an ambitious digital transition in the EU, the EU and its Member States need to invest €75 billion per year in information and communication technology (ICT) equipment and €42 billion to upskill the labour force.<sup>1</sup> However, there is a notable yearly investment gap of €5 to €10 billion in artificial intelligence (AI) and blockchain technologies.<sup>2</sup> While the United States and China lead the world with 80 % of annual equity investment in AI and blockchain technologies, the EU lags at 7 %. Companies with fewer than 250 employees struggle the most and are less likely to digitalise due to lack of access to financial resources. Shortages in digital skills, ICT and cyber experts present significant obstacles for companies. Furthermore, a significant gender dimension persists: only 19 % of ICT specialists are women.<sup>3</sup>

### The EU could do more to step up to this challenge

The European Parliament considers that more action is needed to achieve the EU's ambitious digital targets by 2030. It has advocated setting common rules for new technologies including the use of AI. Additionally, the Parliament suggests enforcing rules for digital platforms to ensure a safer online space and a level playing field for digital service providers. The Parliament also emphasises the importance of improving access<sup>4</sup> to financial resources and technical assistance, while reducing the administrative burden, particularly for SMEs. Boosting digital transition should go hand in hand with making digital infrastructure more resilient to future threats such as (cyber) attacks on internet infrastructure. As shown in the 2023 EPRS study, boosting the digital transition could generate benefits reaching up to €384 billion overall or €860 per citizen as well as other positive societal and fundamental rights impacts.

## Potential benefit of further EU action



More protection of fundamental rights



More innovation and competitive businesses



More social inclusion



Higher resilience against cyber-attacks and data breaches

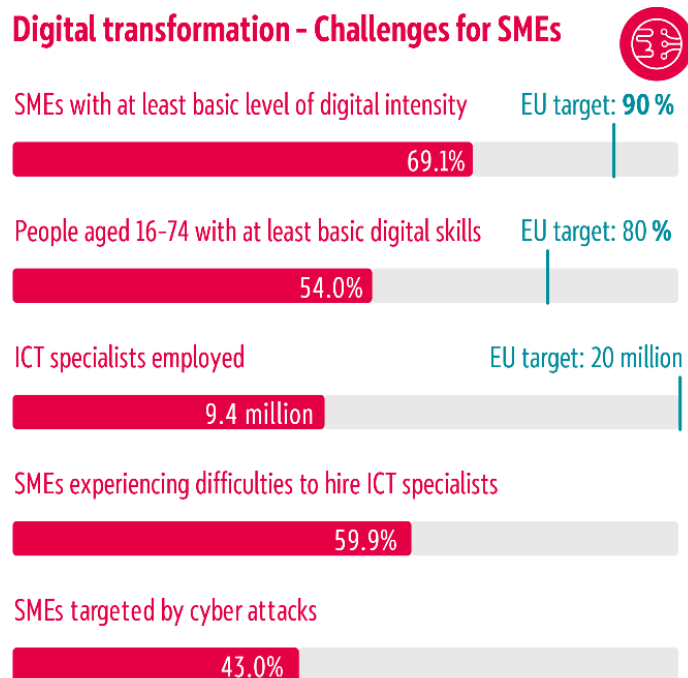


Higher trust and uptake of digital technologies

## Key proposal: Empower SMEs to go digital

A lack of financial means and digital skills means SMEs struggle to digitalise. In 2022, almost 70 % of SMEs were using (at least) basic digital tools in 2022, an increase from 55 % in 2021.<sup>5</sup> Nevertheless, this level falls short of unlocking the full potential for the EU economy (Figure 5). Currently, 54 % of people aged 16-74 years possess (at least) basic digital skills (able to perform at least one task related to information safety or personal data). Furthermore, EU businesses still face challenges in recruiting ICT specialists. For example, more than 60% of SMEs had difficulties to fill vacancies in 2021. The EU also faces a shortage of 260-500 000 cybersecurity experts. In 2021, ICT graduates represented only 4.2 % of tertiary education graduates, dropping to just 0.9 % for female graduates. Furthermore, the uptake of digital technologies is threatened by cybersecurity risks. Over the past two years, 43 % of SMEs in the EU have experienced a cyber-attack.<sup>6</sup>

Figure 5 – Digital transformation of SMEs



Source: EPRS based on European Commission, [Report on the state of the Digital Decade 2030](#), September 2023; [Google](#), 2023; [Eurostat](#).

## What would the proposal entail?

The European Parliament has called for more attention to be paid to the specific needs of SMEs, who often struggle to find digital solutions that would work for them and often face unexpected costs in their adoption. Proposed measures to accelerate their digital transformation<sup>7</sup> and enhance their resilience<sup>8</sup> include:



Facilitate access to finance and venture capital allowing SMEs to adopt digital technologies, including disruptive technologies such as AI or big data;



Help SMEs to access digitally skilled labour and up-skill or re-skill their current employees via dedicated training, e.g. digital crash courses;



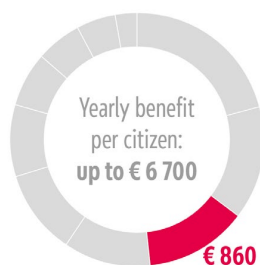
Boost SMEs' trust in digital technologies by supporting them to increase their cyber-resilience through access to technology adapted to their needs and ICT and cybersecurity experts.

The Commission and Member States could also better coordinate their efforts to improve cybersecurity education and training and address the significant gender gap in the sector.

Figure 6 – Digital transformation

### Digital transformation

Additional yearly benefit per citizen: € 860



#### Key proposal

Empower SMEs to go digital

European Parliament resolution of 13 July 2023 on the state of the SME Union (2023/2750(RSP))

Source: EPRS.



### What could this mean in practice?

Small and medium-sized enterprises represent 99 % of all businesses in the EU, employing around 100 million people. Embracing digital technologies could help SMEs to expand their business and become more competitive. It also means that they become more exposed to cyber-attack. In 2022, more than [40 % of SMEs](#) faced cyber-attacks, representing a 300 % yearly increase. Cybercrime involves using online technologies to access and tamper with company information systems or data. About 60 % of affected SMEs go bankrupt within six months, facing an average cost of €30 000. Despite these risks, less than one fifth of SMEs provided their employees with [cybersecurity training](#) last year.

The EU has taken steps to support SMEs in their digital transformation, for example in the 2020 SME strategy for a sustainable and digital Europe. The strategy proposes digital crash courses for employees and to expand the network of digital innovation hubs across all EU regions. To address the of cybersecurity expert shortage, the Commission launched a Cybersecurity Skills Academy.

There is room for more EU action to help SMEs thrive in the digital era. This could include establishing a single contact point for guidance, creating a [one-stop shop](#) providing comprehensive financial and non-financial information for SMEs and implementing concrete [measures](#) such as voucher schemes for consultancy, training and digital technologies. For employees, setting up individual learning accounts would provide life-long learning opportunities for working-age adults.

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- <sup>1</sup> European Commission, [Shaping the digital transformation in Europe - Final report](#), September 2020.
  - <sup>2</sup> European Commission and the European Investment Bank, [Artificial intelligence, blockchain and the future of Europe: How disruptive technologies create opportunities for a green and digital economy](#), 2021.
  - <sup>3</sup> European Commission, [Women in Digital Scoreboard 2021](#).
  - <sup>4</sup> European Parliament [resolution](#) of 3 May 2022 on artificial intelligence in a digital age (2020/2266(INI)).
  - <sup>5</sup> European Commission, [Report on the state of the Digital Decade 2030](#), September 2023.
  - <sup>6</sup> Google, [Europe's SMEs in the Digital Decade 2030: Building Cyber-resilience, Overcoming uncertainty](#), 2023
  - <sup>7</sup> European Parliament [resolution](#) of 13 July 2023 on the state of the SME Union (2023/2750(RSP)).
  - <sup>8</sup> European Parliament [resolution](#) of 10 June 2021 on the EU's Cybersecurity Strategy for the Digital Decade (2021/2568(RSP)).

## Policy area #4: Employment and cohesion

**Goals:** Empower communities by creating jobs, enhancing mobility and alleviating poverty through the European Structural Investment Funds. The aim is to support workers, sustain businesses, and foster economic vitality in regions undergoing major change.

**European Parliament proposals in this area:** Introduce measures to fight poverty and inequality; ensure free movement of workers; promote pathways for legal migration and access to employment; use European structural and investment funds; boost social enterprises and non-profit organisations.

**Total potential benefit:** Up to €334 billion overall per year or up to €750 per citizen per year.

**The key proposal is:** Boost European social cohesion through structural funds:

- Better target EU cohesion policy funds to ensure that no region is left behind;
- Address rural depopulation;
- Enhance coordination to limit overlap between different EU funds.

### Recent crises have increased poverty and inequality

Nearly 1 in 6 Europeans live below the poverty line. The risk of in-work poverty is rising, especially for women, people with a lower level of education and workers with a migrant background. High energy prices, inflation and geopolitical crises have increased the precariousness of many households. Over 41 million people in the EU were energy poor in 2022. Growth is weakening, raising the risk of unemployment, poverty and regional inequalities. More than 1 in 10 young people aged 15 to 29 years were neither in employment nor in education or training in 2023. Most of these young people live in southern and eastern EU regions and a quarter of all youngsters were in this situation in some of these regions.

### The EU could do more for economic, social and territorial cohesion

The European Parliament considers that the EU could play a more active role to protect citizens and ensure social cohesion. The Parliament has called for measures to promote free movement of workers<sup>1</sup> and facilitate legal migration.<sup>2</sup> It underlines that the EU should set minimum wages,<sup>3</sup> which should be adequate, fair and guarantee a decent standard of living. The EU could also do more to boost non-profit organisations that are essential for representing the interests of civil society<sup>4</sup> and providing social services. The EPRS study finds that more EU action in these areas could generate benefits reaching up to €334 billion per year or €750 per citizen per year.

#### Potential benefit of further EU action



Greater economic growth



More jobs and support for unemployed people



More competitive SMEs



More sustainable mobility



Lower risk of social exclusion

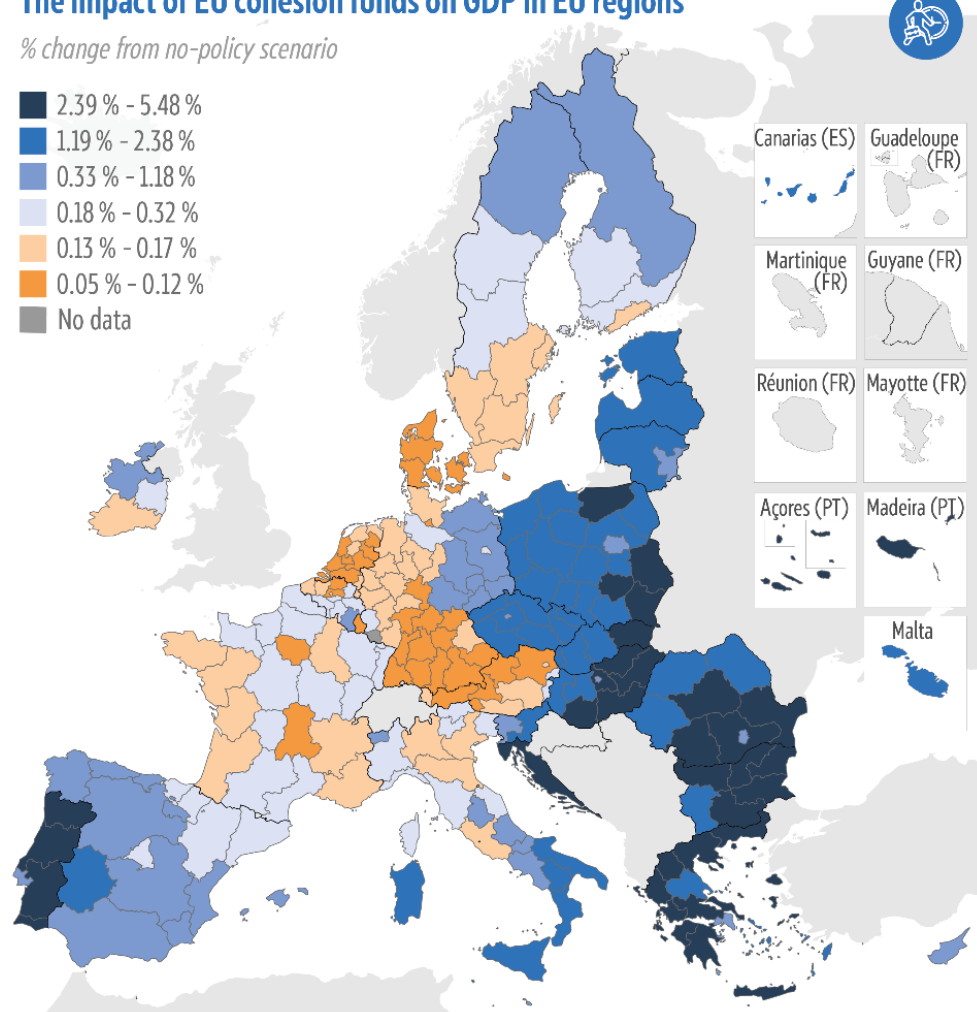
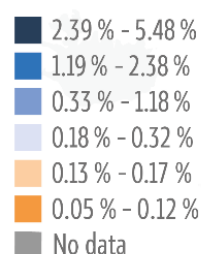
## Key proposal: Boost European social cohesion through structural funds

Among the possible avenues for EU action, a key proposal with high added value is to boost European social cohesion through structural funds. Regions face issues related to the industrial, ecological, digital and demographic transition, and without EU support addressing these challenges would be daunting. Rural areas are experiencing depopulation<sup>5</sup> with young people leaving and a brain-drain of highly-skilled workers. By 2050, the working-age population is projected to shrink by around 35 million people.

Figure 7 – EU cohesion policy in regions

### The impact of EU cohesion funds on GDP in EU regions

*% change from no-policy scenario*



Source: EPRS based on JRC RHOMOLO simulation for 2035.

Disparities across regions are high. For instance, the EU employment rate at the regional level varies between 46 % and 90 %. The European Regional Development Fund and the European Social Fund are key to the EU's future cohesion policy. As shown in Figure 7, these programmes could provide more than 2 % of additional GDP in less-developed regions by 2035.

## What would the proposal entail?

EU cohesion policy is recognised for producing the most significant GDP impact in the EU's less-developed regions, helping to reduce regional disparities.<sup>6</sup> During the COVID-19 crisis and Russia's war in Ukraine, the cohesion fund was redirected to manage these emergencies. However, Parliament emphasises the need for cohesion policy to go beyond crisis response, reasserting its role as a long-term investment strategy.

Parliament recommends changes to mitigate the risk of widening regional disparities<sup>7</sup> and to address the specific needs of the rural population.<sup>8</sup> Future cohesion policy action could:




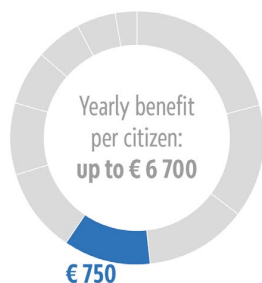
-  Optimise cohesion fund allocation by directing resources to regions in greatest need and enhancing coordination to prevent overlap between different EU funds;
-  Empower regions to tackle urban-rural disparities and counter the development trap resulting from rural depopulation;
-  Transform the EU cohesion funds into a long-term strategic tool for economic, social and territorial cohesion.

Figure 8 – Employment and cohesion

### Employment and cohesion

Additional yearly benefit per citizen: € 750



#### Key proposal

Tackling inequalities through cohesion funds

European Parliament resolution of 13 December 2022 on a long-term vision for the EU's rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040 (2021/2254(INI))

Source: EPRS.

### What could this mean in practice?

In many rural areas, a growing trend sees people leaving for cities, posing a threat to societal cohesion in these regions. Additionally, an ageing and declining population further challenge societies in rural and remote areas, with projections indicating that half of the EU's population will reside in such regions. This results in a diminishing demand for services and infrastructure, leading to closures of essential facilities like schools and kindergartens, and a reduction or stoppage of public transport, health, and care services.

To address this challenge, the EU has initiated efforts through the Structural and Investment Funds as well as the European Social Fund plus, aimed at tackling the social aspects of transition and combating depopulation in rural and remote areas. Some Member States have designed projects to entice and retain young people and families in rural areas (e.g. the [V/Faktor project in Austria](#)).

Yet, the EU could do more to reduce inequalities between regions and between people by focusing on places and people. More attention could be paid to the diversity and potential of regions. Regions play a pivotal role in citizens' current and future daily lives. By bolstering the European Structural and Investment Funds and implementing more precisely targeted place-based funding, the EU could do better to bridge the gap between the most and least developed regions ensuring a brighter future for all citizens. Offering tailor-made solutions, integrating the territorial dimension into all EU funds and involving citizens could all contribute to a successful cohesion policy. The [Parliament's call](#) for additional measures to address inequalities is a crucial step towards enhancing social cohesion, reducing inequalities, and improving the efficiency of public spending in social policy.

- <sup>1</sup> European Parliament [resolution](#) of 20 May 2021 on impacts of EU rules on the free movements of workers and services: intra-EU labour mobility as a tool to match labour market needs and skills (2020/2007(INI)).
- <sup>2</sup> European Parliament [resolution](#) of 25 November 2021 with recommendations to the Commission on legal migration policy and law (2020/2255(INL)).
- <sup>3</sup> European Parliament [resolution](#) of 10 February 2021 on reducing inequalities with a special focus on in-work poverty (2019/2188(INI)).
- <sup>4</sup> European Parliament [resolution](#) of 17 February 2022 with recommendations to the Commission on a statute for European cross-border associations and non-profit organisations (2020/2026(INL)).
- <sup>5</sup> European Observation Network for Territorial Development and Cohesion (ESPON), [Shrinking rural regions in Europe](#), 2020. European Parliament [resolution](#) of 23 November 2023 on harnessing talent in Europe's regions (2023/2044(INI)).
- <sup>6</sup> T. Christou, F. Crucitti, A. Garcia Rodriguez, N. Lazarou, P. Monfort and S. Salotti, [The RHOMOLO ex-ante impact assessment of 2021-2027 cohesion policy](#), European Commission, 2023, JRC133844.
- <sup>7</sup> European Parliament [resolution](#) of 15 September 2022 on economic, social and territorial cohesion in the EU: the 8th Cohesion Report (2022/2032(INI)).
- <sup>8</sup> European Parliament [resolution](#) of 13 December 2022 on a long-term vision for the EU's rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040 (2021/2254(INI)).

## Policy area #5: Economic and monetary union

**Goal:** Ensure responsible handling of public finances, establish sufficient EU funds, and improve coordination in economic policies.

**European Parliament proposals in this area:** Promote fiscal responsibility; Ensure sufficient EU budget and fiscal capacity; employ EU macro-stabilisation instruments; complete banking union; better integrate financial markets; regulate digital finance.

**Total potential benefit:** Up to €321 billion overall per year or up to €720 per citizen per year.

**The key proposal is:** Ensure fiscal responsibility and sufficient EU budgetary capacity for more investment

- Use public funds responsibly at all levels;
- Secure EU own resources and a sufficient EU budgetary capacity;
- Increase Parliament's participation in discussions and decisions regarding budgetary and economic recommendations proposed by the Commission.

### A credible EU fiscal framework and a more effective economic and monetary union are indispensable to weathering future shocks ...

The euro is a symbol of a more united Europe and represents a key milestone on the path towards shared and interdependent interests within the EU. Yet, the EU lacks a credible fiscal framework with sufficient financial resources. Economic policies could be better coordinated. As shown by the European Fiscal Board,<sup>1</sup> the limited approach pursued so far was insufficient to prevent divergence between Member States and a build-up of excessive debt levels, which might mean more taxes and more public money directed towards repayment of interests. For instance, as a result of current debt levels, Member States will pay around €290 billion in interest in 2023.<sup>2</sup>

### ... and the EU could do more in this area

As outlined by the European Parliament, the lack of a sufficiently centralised EU fiscal capacity hindered a rapid and smooth recovery, and led to the emergency adoption of a fund to support investment and reform (Next Generation EU – NGEU) and of a fund to avoid high levels of unemployment (SURE). Progress on completing the banking union<sup>3</sup> and in improving financial market integration and resilience<sup>4</sup> could further contribute to the emergence of a genuine shared responsiveness and solidarity between Member States. The 2023 EPRS study shows that acting in these areas could generate substantial benefits for EU citizens, up to €321 billion or €720 per citizen per year.

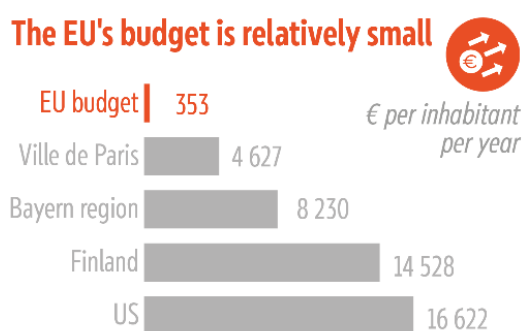
### Potential benefit of further EU action



## Key proposal: Ensure fiscal responsibility and sufficient EU budgetary capacity for more investment

Recent research<sup>5</sup> confirms that the stability and growth pact (SGP) has not so far – and despite substantial reform – achieved all of its goals. The recent proposal for another reform of the SGP offers some optimistic prospects,<sup>6</sup> but new issues will still need to be discussed and addressed. The proposal also remains largely focused on technical approaches within the existing institutional framework of the SGP. However, EU own resources and risk sharing could be increased, as doing more collectively helps save resources and reduce budgetary waste. Additionally, sufficient EU budget would lend more credibility to EU ambitions as, as shown in Figure 9; EU budgetary capacity is relatively low. Democratic ownership could also be substantially improved by increasing the European Parliament's involvement in economic coordination and setting budgetary objectives within the SGP.

Figure 9 – EU budgetary capacity



Source: EPRS.

### What would the proposal entail?

In its July 2021 resolution on the review of the macroeconomic legislative framework,<sup>7</sup> the European Parliament considers that citizens and their representatives could be better included in the discussion on fiscal and economic issues. The following concrete proposals could be implemented:



Reinforce dialogue and promote best practices to uphold fiscal responsibility at all levels;

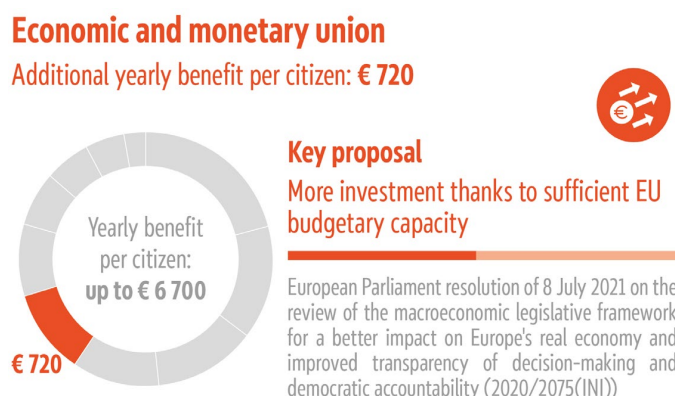


Increase EU own resources to achieve a sufficient and credible EU budget;



Explore options for increasing European Parliament involvement in the European semester process and in the SGP.

Figure 10 – Economic and monetary union



Source: EPRS.

#### What could this mean in practice?

With an average level of euro area debt at around 90 % of GDP and with increased interest rates in 2023, Member States will spend around [€290 billion](#) (€650 per citizen) in interest. Worryingly, there is a growing divergence between Member States. This means that some could be confronted with large increasing levels of interest repayments, possibly forcing them to cut budgetary spending to preserve access to financial markets at sustainable rates.

To ensure fiscal responsibility, the EU has already reformed the SGP, with [limited success](#). The SGP is also in temporary suspension since 2020. The Commission proposal to reform the SGP offers some hope. Reinforcing dialogue and promoting best practices, for instance by building upon the NGEU approach could also be used to incentivise fiscal responsibility. Making NGEU and SURE permanent and integrating them into the EU budget could improve resilience in times of crisis. Additionally, more [European Parliament](#) involvement in setting fiscal and economic policy objectives could ensure greater democratic ownership. These actions could generate substantial benefits for EU citizens, in particular by helping to avoid the social cost of potentially excessive austerity policies.

<sup>1</sup> European Commission, [2021 annual report of the European Fiscal Board](#), November 2021.

<sup>2</sup> European Commission, [Summer 2023 Economic Forecast](#), September 2023.

<sup>3</sup> European Parliament [resolution](#) of 11 July 2023 on Banking Union – annual report 2022 (2022/2061(INI)).

<sup>4</sup> European Parliament [resolution](#) of 8 October 2020 on further development of the Capital Markets Union (CMU): improving access to capital market finance, in particular by SMEs, and further enabling retail investor participation (2020/2036(INI)).

<sup>5</sup> J. Saulnier with A. Puc, [Assessment of the EU fiscal framework - Updating estimates of the cost of non-Europe](#), European Parliamentary Research Service, December 2022.

<sup>6</sup> P. Heimberger, [Debt sustainability analysis as an anchor in EU fiscal rules](#), European Parliament Directorate-General for Internal Policies, March 2023.

<sup>7</sup> European Parliament [resolution](#) of 8 July 2021 on the review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability (2020/2075(INI)).



## Policy area #6: Gender equality and civil rights

**Goal:** Ensure that everyone has equal opportunities to work and to lead a fulfilling life.

**European Parliament proposals in this area:** End gender-based violence, ensure equal treatment, end non-discrimination and hate crime, agree a common asylum policy, tackle gender inequalities in the labour market and in care work, combat migrant discrimination on the labour market.

**Total potential benefit:** Up to €285 billion overall per year or up to €630 per citizen per year.

**The key proposal is:** Tackle gender inequalities in the labour market:

- Offer financial support for unpaid carers in households;
- Introduce EU standards and certification for childcare and long-term care facilities;
- Invest in care facilities and training of care workers.

### Inequality and discrimination are widespread in society

Equal treatment is a fundamental value of the European Union. Yet, inequality and discrimination remain an acceptable daily reality for many. The Fundamental Rights Agency finds that about 1 in 4 people experience discrimination related to their job or in searching for one. About 1 in 10 people faced discrimination in shops, cafés, or when using leisure or sports facilities in the year prior to participating in the survey.

For some, the risk of discrimination has increased over time. For example, 37% of LGBT people felt they were discriminated against in 2012, compared with 43% in 2019. More than 4 million refugees from Ukraine were living in the EU in September 2023. About 3 in 10 who found work in the EU labour market reported exploitative conditions, which included working very long hours, or were underpaid or not paid at all.<sup>1</sup>

### The EU could do more to protect citizens' rights and generate benefits for society

The European Parliament considers that the EU could criminalise gender-based violence,<sup>2</sup> ensure that everyone has legal protection from discrimination,<sup>3</sup> support national, regional and local organisations to enforce anti-discrimination and hate crime laws,<sup>4</sup> and support persons with disabilities<sup>5</sup> to realise their right to adequate housing and inclusion in society. The European Parliament also favours a common EU approach to asylum<sup>6</sup> and addressing the discrimination experienced by non-EU migrants.<sup>7</sup> These objectives could be achieved if the EU sets wider common rules for equal treatment, promotes their enforcement, and reinforces the work of national, regional and local organisations who support groups at risk of inequality and discrimination. As shown in the 2023 EPRS study, EU action in these areas could generate substantial benefits for citizens that could reach up to €285 billion overall or €630 per citizen each year.

## Potential benefit of further EU action

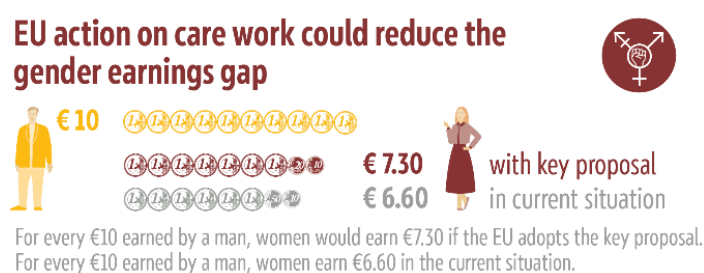


## Key proposal: Tackle gender inequalities in the labour market

Among the possible avenues for more EU action, one of the most promising concerns tackling gender inequality in the labour market. In 2021, women's gross hourly earnings were more than 12 % below those of men in the EU – in other words, on average, women earn 88 cents for every euro earned by a man. However, inequalities go beyond the gender pay gap. Overall, and at the EU level, women are less likely to participate in the labour market and when they do, they are more likely to work part-time due to the constraints of providing care work at home. These multiple gender inequalities in the labour market result in women earning about 36 % less than men on average.<sup>8</sup>

One of the drivers of the gender earnings gap is care work, which is the work of caring for children, elderly and other people who are dependent on others in their daily activities. Care work is predominantly done by women. Even when they are in full-time employment, women spend 13 more hours on unpaid care and housework than men.<sup>9</sup> And this has an impact on their labour market earnings. The COVID-19 pandemic intensified the attention paid to care work, but the issue remains to be tackled at the EU level. More action by the EU could reduce the gender earnings gap by 11 % (Figure 11).




Figure 11 – Gender earnings gap in the EU



Source: M. Fernandes, C. Navarra, [What if care work were recognised as a driver of sustainable growth?](#) EPRS, September 2022.

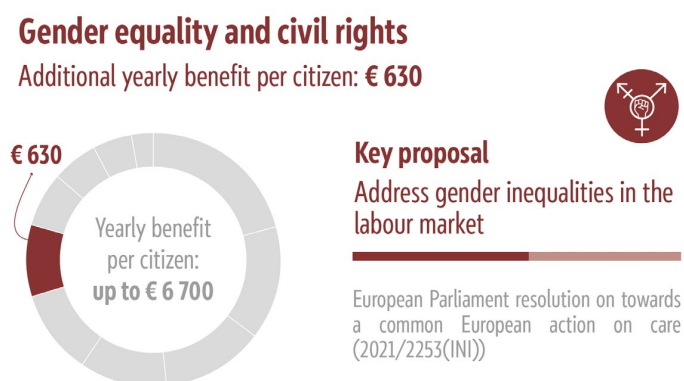
## What would the proposal entail?

In its July 2022 resolution on a common European action on care,<sup>10</sup> the European Parliament called for the EU to intervene more in the care sector and promote its sustainability. It called for:

-  Member States to offer financial support options for informal carers, such as care or pension credits for those who take a break from employment to care for family members;
-  EU-level standards and certification for childcare and long-term care facilities, to ensure their quality and employee working conditions; and
-  A dedicated investment package to upgrade care infrastructure and training of care workers.

Pursuing this proposal for EU action could help to realise women's labour market potential and reduce their likelihood of experiencing poverty. Such action could also help to ensure that the most vulnerable in society are cared for and can have a better quality of life. A modern, regulated EU care sector could offer more jobs that are also more attractive to workers, who would be protected from abuse and poor working conditions.

Figure 12 – Gender equality and civil rights



Source: EPRS.

### What could this mean in practice?

A woman earns about [86 cents](#) for every euro earned by a man in the workplace. The traditional role of women as caregivers is a barrier to their integration in the labour market and right to equal treatment.

The EU has taken steps towards tackling gender inequalities in providing care. For example, in August 2019, the EU adopted a work-life balance law that would help ensure paternity leave and flexible working arrangements are available for working parents and for people providing care for relatives. However, the care sector needs more attention. When schools closed during the COVID-19 pandemic, it was more often women who stepped back from their careers to care for children.

The EU could do more to recognise care work as work that is remunerated adequately. For example, time dedicated to care for a family member could be translated into pension credits. As the [European Parliament](#) has called for, the EU could invest more in childcare and long-term care facilities and to upgrade its workers' conditions and career prospects. Such investment could more than repay itself – [research](#) has found that €1 invested in long-term care could generate up to €1.70 in returns.

- <sup>1</sup> European Union Agency for Fundamental Rights: [Fundamental rights survey 2020](#), last updated 12 February 2024; [A long way to go for LGBTI equality](#), 2020; [Fleeing Ukraine - Displaced People's Experiences in the EU](#), 2023.
- <sup>2</sup> European Parliament [resolution](#) of 16 September 2021 with recommendations to the Commission on identifying gender-based violence as a new area of crime listed in Article 83(1) TFEU (2021/2035(INL)).
- <sup>3</sup> European Parliament [resolution](#) of 19 April 2023 on combating discrimination in the EU – the long-awaited horizontal anti-discrimination directive (2023/2582(RSP)).
- <sup>4</sup> European Parliament [resolution](#) of 10 November 2022 on racial justice, non-discrimination and anti-racism in the EU (2022/2005(INI)).
- <sup>5</sup> European Parliament [resolution](#) of 13 December 2022 towards equal rights for persons with disabilities (2022/2026(INI)).
- <sup>6</sup> European Parliament [resolution](#) of 19 May 2021 on human rights protection and the EU external migration policy (2020/2116(INI)).
- <sup>7</sup> European Parliament [resolution](#) of 25 November 2021 with recommendations to the Commission on legal migration policy and law (2020/2255(INL)).
- <sup>8</sup> European Institute for Gender Equality (EIGE), Gender statistics database - [gender overall earnings gap](#), last upload on 6 September 2023.
- <sup>9</sup> European Institute for Gender Equality (EIGE), [Gender inequalities in care and consequences for the labour market](#), 20 January 2021.
- <sup>10</sup> European Parliament [resolution](#) of 5 July 2022 towards a common European action on care (2021/2253(INI)).

## Policy area #7: Health

**Goal:** Citizens should have access to timely preventive treatment and medicines including vaccines.

**European Parliament in this area:** Move towards a joint EU health policy; ensure equitable access to and affordability of medication across EU Member States; protecting workers from asbestos.

**Total potential benefit:** Up to €208 billion overall per year or up to €460 per citizen per year.

**The key proposal is:** Build a joint EU health policy:

- Define a set of essential healthcare services that could be available to all citizens from primary health doctors;
- Promote EU-wide initiatives for chronic disease including cancer and mental health conditions;
- Ensure access to screening technologies (CT scans, MRIs) in all EU regions.

### There are significant inequalities in citizens' health status and access to healthcare across the EU

Europe has leading healthcare systems. Yet, the share of Europeans with an unmet healthcare need reaches 12% in some Member States due to financial costs, distances or waiting times. Since the COVID-19 pandemic, poor mental health among young Europeans has become a key risk. The ageing European population portends a higher burden of chronic disease, such as heart disease and cancer that greatly impact quality of life. The COVID-19 pandemic exposed significant weaknesses in European healthcare systems including chronic underfunding and poor coordination. The availability of critical medicines is threatened by shocks outside Europe's borders due to high levels of outsourcing. Medicines authorised by the European Medicines Authority are not equally available in all Member States.

### The EU could do more to boost the health sector and citizens' wellbeing

The EU's response to the COVID-19 pandemic has shown citizens that the EU can play a stronger role in the health sector. Possible actions include stronger public investment in research that promotes public health and unmet medical needs including antimicrobial resistance, building vaccine and medicine manufacturing capacities in Europe,<sup>1</sup> and extending joint procurement procedures.<sup>2</sup> The European Parliament has also called for a comprehensive EU mental health strategy that integrates mental healthcare with physical care with a particular focus on young people,<sup>3</sup> and a European strategy for the removal of asbestos.<sup>4</sup> Europe could also do more to promote and coordinate screening and early diagnosis of diseases especially in cross-border regions and isolated areas. As shown in the 2023 EPRS study, more EU action on health could generate added value of around €208 billion per year. This is equivalent to €460 per EU citizen.

#### Potential benefit of further EU action



Higher productivity



Enhanced right to live a life with dignity



Better health status



Higher quality of life

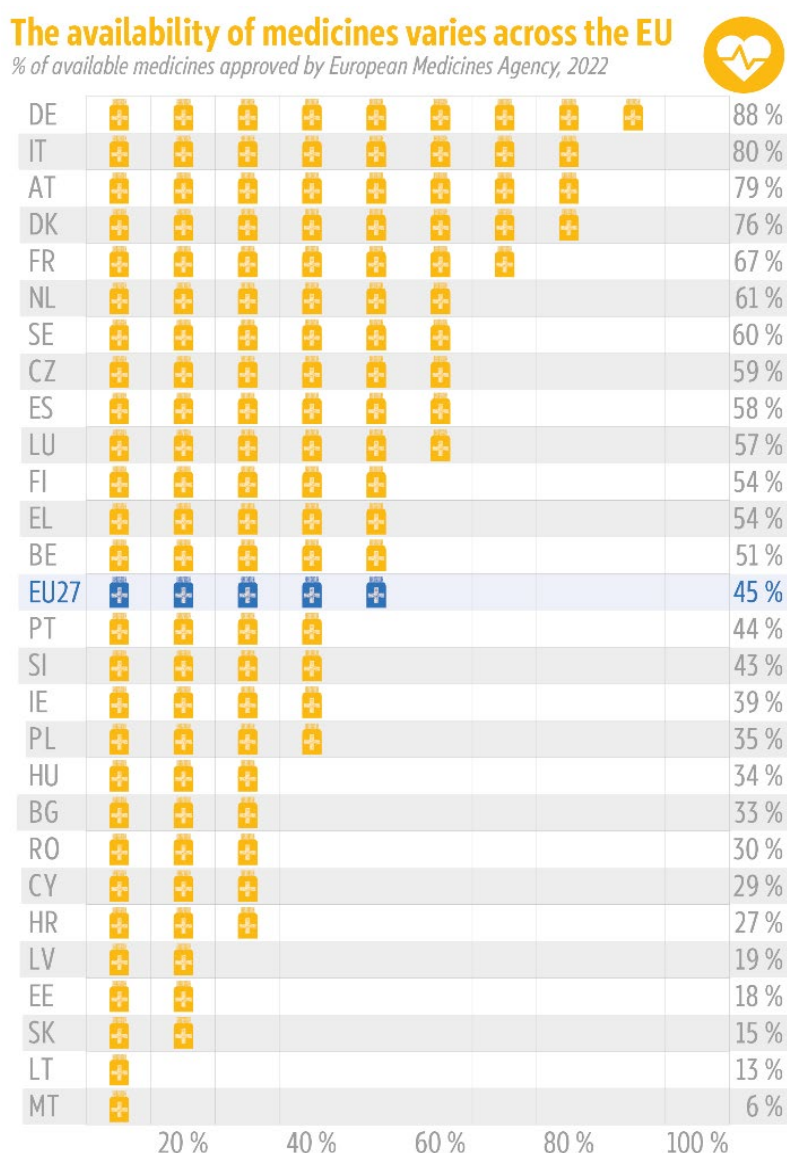


Fewer inequalities

## Key proposal: Joint EU health policy

Among the possible avenues for EU action, one of the most promising is to build a joint EU health policy building on the action taken during the COVID-19 pandemic. For example, the EU could act on the large differences in the availability of centrally approved medicines in Member States (Figure 13). The EU could act as a mediator in pricing and reimbursement decisions to help ensure that pharmaceutical companies launch their products in all Member States and not only those with high bargaining power.

Figure 13 – Medicines approved and available in EU Member States



Source: [EFPIA Patients WAIT Indicator Survey 2022](#)

The joint EU health policy could also address other challenges identified during the COVID-19 pandemic including inequalities in access to primary care doctors and to sexual and reproductive health services, including contraception and abortion. Impacts on mental health are a particular concern regarding young people.

More systematic screening for and early detection of chronic diseases such as cardiovascular disease, diabetes and cancer is needed. This is important because at least €1 in every €4 spent on healthcare in the EU is for the treatment of chronic disease. In contrast, only an estimated 3% of healthcare spending in the EU is devoted to preventive healthcare.

## What would the proposal entail?

The European Parliament has called for a range of measures in a joint EU health policy, as reflected in its February 2022 resolution on strengthening Europe in the fight against cancer,<sup>5</sup> its December 2023 resolution on mental health,<sup>6</sup> and its June 2021 resolution on the situation of sexual and reproductive health and rights in the EU.<sup>7</sup> The EU could:



Define a set of essential healthcare services that could be available to all citizens from primary healthcare doctors;

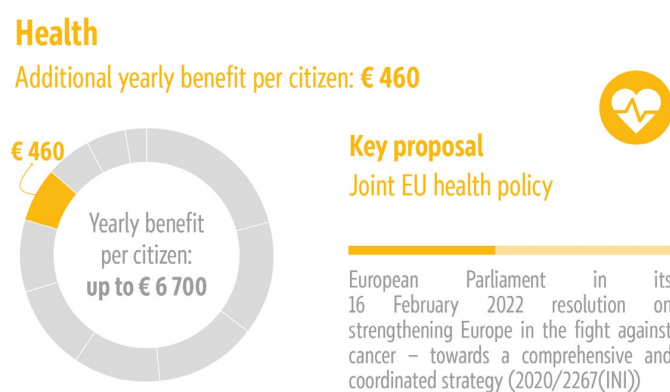


Encourage pan-European health promotion and prevention initiatives for cancer screening, mental health conditions and sexual and reproductive health services that take sex and gender into consideration;



Ensure equitable access to medical technologies, such as computed tomography (CT) scan and magnetic resonance imaging (MRI) machines, especially in rural areas.

Figure 14 – Health



Source: EPRS.

### What could this mean in practice?

In 2021, the average life expectancy of a person born in the EU was 80 years, which is among the highest in the world. Yet, the COVID-19 pandemic reduced this by [more than one year](#) – the largest decline in most EU countries since World War II. Moreover, the pandemic created backlogs and disruption in the provision of preventive healthcare. According to the European Cancer Organisation, over 1 million cancer cases could have been undetected in 2020.

The EU responded by launching the Health Union Package in November 2020. The measures are organised under four pillars: crisis preparedness, EU pharmaceutical legislation reform, Europe's beating cancer plan, and a comprehensive approach to mental health.

Yet, more action is needed to ensure the timely diagnosis of cancer and other chronic diseases and avert their negative impacts on citizens' lives. The EU could do more to set [common standardised screening protocols](#) for non-communicable diseases and to address knowledge gaps concerning [sex and gender differences](#) in symptoms of chronic disease. The EU could also do more to identify a set of essential preventive health services that could be covered by primary healthcare providers and thus reduce the significant variation in unmet needs and access to healthcare across the EU.

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- <sup>1</sup> European Parliament [resolution](#) of 12 July 2023 on the COVID-19 pandemic: lessons learned and recommendations for the future (2022/2076(INI)).
  - <sup>2</sup> European Parliament [resolution](#) of 24 November 2021 on a pharmaceutical strategy for Europe (2021/2013(INI)).
  - <sup>3</sup> European Parliament [resolution](#) of 5 July 2022 on mental health in the digital world of work (2021/2098(INI)).
  - <sup>4</sup> European Parliament [resolution](#) of 10 March 2022 on a new EU strategic framework on health and safety at work post 2020 (including better protection of workers from exposure to harmful substances, stress at work and repetitive motion injuries) (2021/2165(INI)).
  - <sup>5</sup> European Parliament [resolution](#) of 16 February 2022 on strengthening Europe in the fight against cancer – towards a comprehensive and coordinated strategy (2020/2267(INI)).
  - <sup>6</sup> European Parliament [resolution](#) of 12 December 2023 on mental health (2023/2074(INI)).
  - <sup>7</sup> European Parliament [resolution](#) of 24 June 2021 on the situation of sexual and reproductive health and rights in the EU, in the frame of women's health (2020/2215(INI)).



## Policy area #8: External action and defence

**Goal:** Boost the EU's role in representing EU countries on the international scene, to defend its values and citizens and foster global prosperity.

**European Parliament proposals in this area:** Promote sustainable trade and value chains on a global scale; build a common EU defence strategy; promote joint diplomacy and multilateralism; improve coordination of development policy.

**Total potential benefit:** Up to €170 billion overall per year or up to €380 per citizen per year.

**The key proposal is:** Build a common EU defence strategy:

- Improve coherence between EU defence initiatives by simplifying procedures, increasing information sharing, and establishing a truly European defence equipment market;
- Revise the EU multiannual financial framework (MFF) to allow funds to be allocated to EU defence instruments and ensure coordinated use of additional resources at the Member State level.

### Recent challenges underscore the importance of EU external action ...

Armed conflicts have re-emerged in the EU's neighbourhood. Security threats have arisen and are threatening EU citizens' right to live in a safe and stable environment. Moreover, halfway to the United Nations 2030 Agenda, the EU and its Member States have made progress in adopting funding instruments such as the Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe and launching initiatives such as Team Europe and the Global Gateway strategy. However coordination is lacking,<sup>1</sup> sustainability considerations are limited, and inefficiencies in official development assistance and multilateral efforts regarding trade, value chains and investment relations remain.

### ... and the EU has to act more convincingly in this area

The EU needs to increase its capacity to act as a single political entity in the international arena and reinforce partnerships with like-minded countries and entities worldwide. The European Parliament has called for increased European defence cooperation, emphasising the need for collaborative and smarter spending on capabilities. At the same time, the Parliament supports the EU's commitment to multilateralism,<sup>2</sup> global governance, the UN Agenda 2030 and the Sustainable Development Goals as an integral part of its external policy, as well as promoting the effectiveness of existing development cooperation tools.<sup>3</sup> This is reflected in its call for EU legislation to foster sustainable and responsible corporate behaviour throughout global value chains.<sup>4</sup> The European Parliament also demands the Union's capacity to act is strengthened, by considerably increasing the number of areas where action is decided by qualified majority voting<sup>5</sup> and through the ordinary legislative procedure. As shown in the 2023 EPRS study, EU action in these areas could generate substantial benefits for citizens that could reach up to €170 billion overall or €380 per citizen per year.

### Potential benefit of further EU action



More efficient  
public spending



Better human  
rights protection  
and working  
conditions



Increased role in  
multilateral fora



Fewer inequalities  
and less poverty  
globally

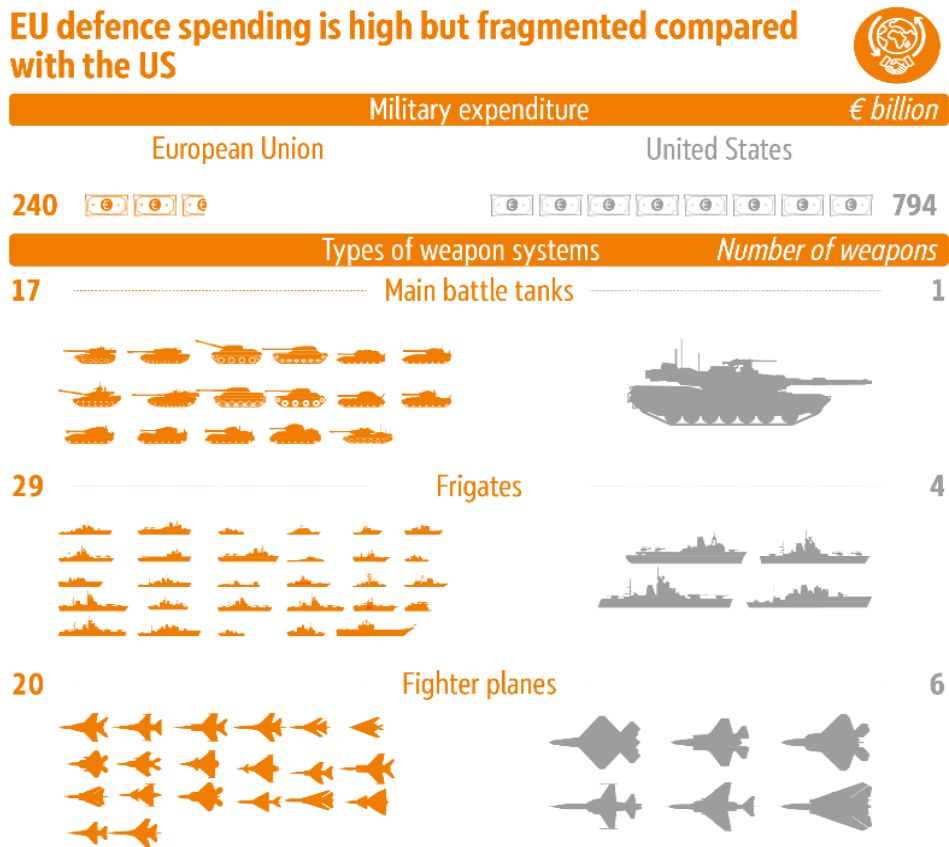


Better ways to  
tackle climate  
change

## Key proposal: Build a common EU defence strategy

Among the possible avenues for EU action in this policy area, the key proposal is to build a common EU defence strategy. Security and defence are an exclusive Member State prerogative, performed in the context of international treaties. While there are instances of cooperation in defence matters, Member States maintain separate military budgets. Overall, EU defence has been marked by fragmentation for a long time (Figure 15). Regardless of the level of spending, the EU defence industry suffers from inefficiencies reflected in a low level of collaboration between Member States in their defence research and development (R&D) programmes (e.g. to develop aircraft, helicopters, missiles) and small-scale production levels that do not exploit economies of scale. This situation implies lower levels of innovation, including potential positive technological spill-over effects on the private sector. EPRS research has also identified significant budgetary waste owing to duplication of spending at national level that could be more efficiently spent at European level.


Figure 15 – Military expenditures and weapons systems





Source: EPRS based on European Defence Agency, [Defence Data 2022](#) and [European Defence Matters 2017](#).

## What would the proposal entail?

In recent years, a number of initiatives have been created to sustain the competitiveness and innovation of the European defence industry. Yet, given the 'public good' nature of defence, more is possible. In its January 2023 resolution on the implementation of the common security and defence policy,<sup>6</sup> the European Parliament wants to:


- 

Move towards the creation of a common defence framework that is interoperable and complementary to the North Atlantic Treaty Organization (NATO) Alliance, by improving coherence between its defence initiatives, simplifying procedures and increasing information sharing;
- 

Establish a truly European defence equipment market;
- 

Revise the MFF to allow funds to be allocated to EU defence instruments and ensure coordinated Member State use of additional resources;

In addition, the EU could:

- 

Nominate an 'EU Commissioner for Defence' to support Member States' defence coordination.

Figure 16 – External action and defence

### External action and defence

Additional yearly benefit per citizen: € 380



#### Key proposal

Build a common EU defence

European Parliament resolution of 18 January 2023 on the implementation of the common security and defence policy – annual report 2022 (2022/2050(INI))

Source: EPRS.

### What could this mean in practice?

The EU Member States' total military spending in 2022 reached approximately [€240 billion](#), which is almost on par with that of China, the second-largest spender globally after the US. The efficiency of this spending is low, due to factors such as duplication, administrative costs, missed economic spill-overs, and limited economies of scale. For instance, in the EU there are 17 different main battle tanks, 29 types of frigates and 20 fighter planes. The corresponding figures for the US are respectively: 1, 4 and 6. At the same time when it comes to buying military equipment, Europe still relies on US industry. The EU does not have a standing army and relies on ad hoc forces contributed by its Member States.

A stronger EU role in the defence sector could offer significant added value by exploiting economies of scale, saving resources and improving the quality of public spending. A 2023 Eurobarometer survey found that the majority of EU citizens (80 %) think that cooperation in defence matters at EU level should be increased, and believe that Member States' purchase of military equipment should be better coordinated (77 %). The EU could do more to reinforce cooperation among the Member States through its existing tools and initiatives – notably the European defence industry reinforcement through common procurement act (EDIRPA), the European Defence Fund (EDF), permanent structured cooperation (PESCO). This could reduce fragmentation in the defence procurement sector and help ensure swift deployment of armed forces in the case of a security threat. The nomination of an 'EU Commissioner for Defence' could be considered to oversee and guide these strategic efforts.

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- <sup>1</sup> C. Harendt, F. Heinemann, S. Weiss, [Why and How There Should be More Europe in Development Policy](#), Bertelsmann Stiftung, September 2018.
  - <sup>2</sup> European Parliament [recommendation](#) of 5 July 2018 to the Council on the 73rd session of the United Nations General Assembly (2018/2040(INI)).
  - <sup>3</sup> European Parliament [resolution](#) of 22 November 2016 on increasing the effectiveness of development cooperation (2016/2139(INI)).
  - <sup>4</sup> European Parliament [resolution](#) of 10 March 2021 with recommendations to the Commission on corporate due diligence and corporate accountability (2020/2129(INL)).
  - <sup>5</sup> European Parliament [resolution](#) of 22 November 2023 on proposals of the European Parliament for the amendment of the Treaties (2022/2051(INL)).
  - <sup>6</sup> European Parliament [resolution](#) of 18 January 2023 on the implementation of the common security and defence policy – annual report 2022 (2022/2050(INI)).

## Policy area #9: Justice and the rule of law

**Goal:** The EU should uphold its democratic, founding principles.

**European Parliament in this area:** Bolster the rule of law and scrutiny of government; tackle corruption, serious crimes and terrorism; ensure access to justice, strengthen border control and visa policy.

**Total potential benefit:** Up to €154 billion per year or up to €340 per citizen per year.

**The key proposal is:** Tackle corruption:

- Enhance transparency in sectors with excessive professional secrecy rules – particularly in the financial sector;
- Increase the budget for EU agencies to investigate corruption cases;
- Improve and standardise public procurement notices and awards.

### The democratic, founding principles of the EU are at risk

The European Union is founded on the values of respect for human dignity, freedom, democracy and the rule of law. Yet, these values are at risk due to economic crisis and threats from foreign actors including the Russian war against Ukraine. Serious and organised crimes such as human trafficking, the sale of illicit drugs, weapons and counterfeit products threaten citizens' health and safety. The 2023 Justice Scoreboard shows that the public in many Member States are concerned about the judiciary's independence from economic and political pressures. Access to justice for people at risk of discrimination and older persons also varies significantly. Such issues threaten the EU's global leadership in human rights and democracy.

### The EU could do more to safeguard its values and prevent democracy backsliding

As the guardian of the Treaties, the European Commission could do more to ensure that rule of law principles are respected,<sup>1</sup> especially by stepping up monitoring and enforcement of EU laws. The European Parliament also considers that the EU could promote better information exchange and cooperation between EU agencies and national authorities to tackle serious crimes and terrorism<sup>2</sup> and apply appropriate safeguards on the use of artificial intelligence in the criminal justice system.<sup>3</sup> The European Parliament has also underlined the need to address shortcomings in the protection of the EU's external borders including the protection of fundamental rights.<sup>4</sup> As shown in the 2023 EPRS study, EU action in these areas could generate substantial benefits for citizens that could reach up to €154 billion or €340 per citizen each year.

#### Potential benefit of further EU action



Higher trust in public institutions



More foreign investment



Improved access to services



Promotion of equal treatment

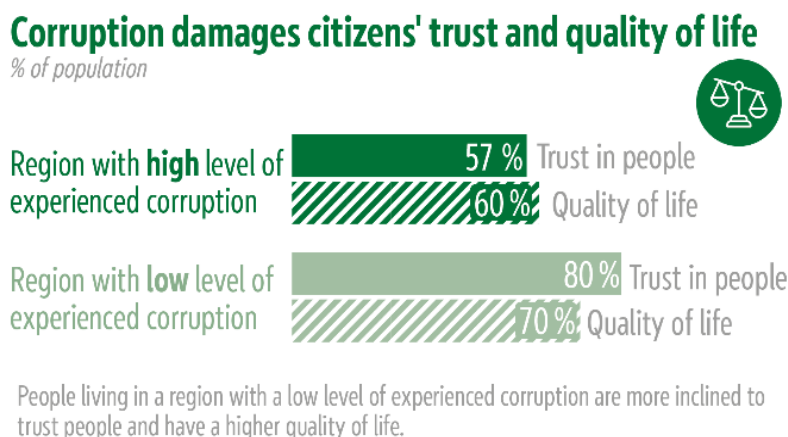


Greater productivity

## Key proposal: Tackle corruption

Among the possible avenues for EU action, tackling corruption could offer immediate added value. Defined broadly as 'abuse of entrusted power for private gain', corruption includes paying bribes or exercising power to gain privileged access to public services, goods or contracts. A 2023 Eurobarometer survey found that about half of EU citizens believe that cases of corruption are not reported because it is difficult to prove.

Figure 17 – Corruption in the EU






Source: M. Fernandes, L. Jančová, [Stepping up the EU's efforts to tackle corruption](#) – Cost of non-Europe Report, EPRS 2023.

EPRS research finds that people living in regions with a greater prevalence of corruption had lower trust in people than those living in regions with a lower prevalence of corruption. They also have lower trust in national institutions, although trust in supranational institutions like the European Parliament is not affected.

Lower trust means lower life satisfaction and wellbeing. Figure 17 shows the loss in quality of life experienced by those living in a region with the current EU-wide average level of corruption, as compared to a region with a low level of corruption.

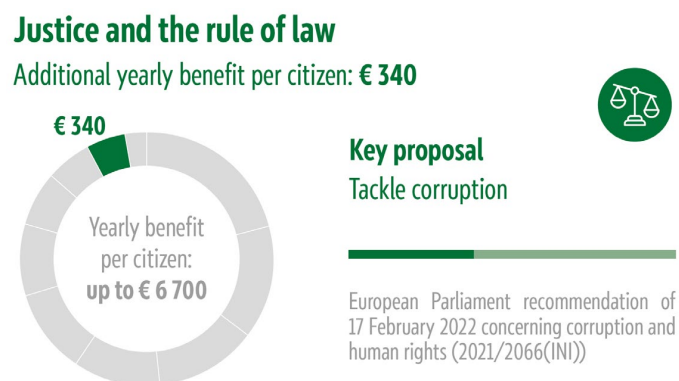
## What would the proposal entail?

The key proposal would include several EU measures strengthening the legislation in place to detect and prosecute corruption as well as to support its enforcement. The European Parliament called for such action in its recommendation of February 2022 concerning corruption and human rights<sup>5</sup>, its resolution of March 2019 on the situation of the rule of law and the fight against corruption in the EU,<sup>6</sup> and its resolution of November 2021 with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit.<sup>7</sup> Relevant actions could include:

-  Incorporate corruption under the EU global human rights sanctions regime;
-  Increase the budget for Europol and Eurojust and the European Public Prosecutor's Office to investigate cases of corruption, such as the murder of Maltese journalist Daphne Caruana Galizia;
-  Improve and standardise procurement data to reduce missing information in contract notices and promote links with national and regional databases.

Greater EU efforts to tackle corruption could lead to better public administration, less criminal activity and the enhancement of citizens' freedom of expression and information.

Figure 18 – Justice and the rule of law



Source: EPRS.

#### What could this mean in practice?

In the [Quality of Government survey](#), about 1 in 3 Europeans reported that they or a family member had been asked by a public official in a school or hospital or a police officer to give a bribe during the past 12 months. However, corruption is not only reflected in paying bribes. More than 1 in 10 people in some Member States have experienced 'sextortion' – the practice of demanding sexual favours or revealing private information. A survey conducted by [Transparency International](#) notes that, while about 6 % of people paid a bribe for health care, almost 1 in 3 EU residents used personal connections to receive medical attention during the COVID-19 pandemic.

In its annual rule of law report, the EU monitors the actions taken by Member States to tackle corruption. Investigations by the European Public Prosecutor's Office (EPPO) has led to the freezing of more than €500 million in assets in 2021 and 2022, which is five times more than the organisation's budget for those two years. In May 2023, the European Commission presented a legislative proposal to define common approaches to investigation of corruption and the setting of sanctions.

Nevertheless, there is room for the EU to do more. It could boost the funding available to Eurojust, Europol and the EPPO to support the investigation and prosecution of serious crimes, including corruption. [Europol](#) reports that EU law enforcement in its current capacities has only been able to confiscate less than 2 % of the yearly proceeds of organised crime. The EU could also do more to promote the control of public procurement in particular, to reduce missing information in public procurement notices, which is associated with single bidder contracts and corruption risk. EPRS [research](#) finds that a large share (up to 38 %) of the fields requested in EU public procurement notices is missing. The [European Parliament](#) has also called for public access to information on the people who are the ultimate beneficiaries of EU funds and to step up the use of IT tools to identify irregularities and misuse of EU funds.

- <sup>1</sup> European Parliament [resolution](#) of 30 March 2023 on the 2022 Rule of Law Report – the rule of law situation in the European Union (2022/2898(RSP)).
- <sup>2</sup> European Parliament [resolution](#) of 17 December 2020 on the EU Security Union Strategy (2020/2791(RSP)).
- <sup>3</sup> European Parliament [resolution](#) of 6 October 2021 on artificial intelligence in criminal law and its use by the police and judicial authorities in criminal matters (2020/2016(INI)).
- <sup>4</sup> European Parliament [resolution](#) of 8 July 2021 on the Annual Report on the Functioning of the Schengen Area (2019/2196(INI)).
- <sup>5</sup> European Parliament [recommendation](#) of 17 February 2022 to the Council and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy concerning corruption and human rights (2021/2066(INI)).
- <sup>6</sup> European Parliament [resolution](#) of 28 March 2019 on the situation of the rule of law and the fight against corruption in the EU, specifically in Malta and Slovakia (2018/2965(RSP)).
- <sup>7</sup> European Parliament [resolution](#) of 23 November 2021 with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit (2021/2054(INL)).



## Policy area #10: EU-financed research programmes, education and culture

**Goal:** Step-up EU action in research, education, training, and the culture and media sectors to boost the EU research ecosystem, competitiveness, narrow the skills gap, reduce inequalities and improve working conditions.

**European Parliament proposals:** Improve EU-financed research programmes and the European Research Area; bolster Erasmus+; encourage creativity and cultural diversity.

**Total potential benefit:** Up to €78 billion overall per year or up to €180 per citizen per year.

**The key proposal is:** Strengthen EU research and innovation:

- Spend more and better;
- Facilitate more collaboration among Member States;
- Boost diffusion of innovation to less-developed and transition regions.

### European research, education, cultural and creative sectors are world leaders

European research, innovation, education, culture and creative industries are important contributors to the EU's economy and social prosperity. The EU, however, fails to reach its target of 3 % expenditure on research and development (R&D) while the US, for example, spends 3.4 % of its GDP on R&D. The EU education and training sectors also face many challenges to ensure that students are developing skills that are in demand in the labour market. The EU also faces skills shortages to facilitate the green and digital transformation. The cultural and creative sector was hard-hit by the COVID-19 pandemic, revealing many weaknesses in the sector especially its social protection systems.

### More EU action could boost resilience, competitiveness, address the skills gap and improve working conditions

The European Parliament has called on the Member States to step up public R&D funding for joint programmes and European partnerships – in a coordinated manner. To close the skills gap on the labour market, the Parliament also calls for more inclusive and lifelong education and training<sup>1</sup> (including through micro-credentials, individual learning).<sup>2</sup> The Parliament also strongly supports the Erasmus+ programme,<sup>3</sup> and considers that more could be done to remove barriers and fully embrace participant diversity. The Parliament has also called for a comprehensive framework on the social and professional situation of artists and workers in the cultural and creative sector.<sup>4</sup> More EU action in these areas could generate up to €85 billion each year (equivalent to €180 per citizen) as well as creating other substantial benefits for the economy and citizens.

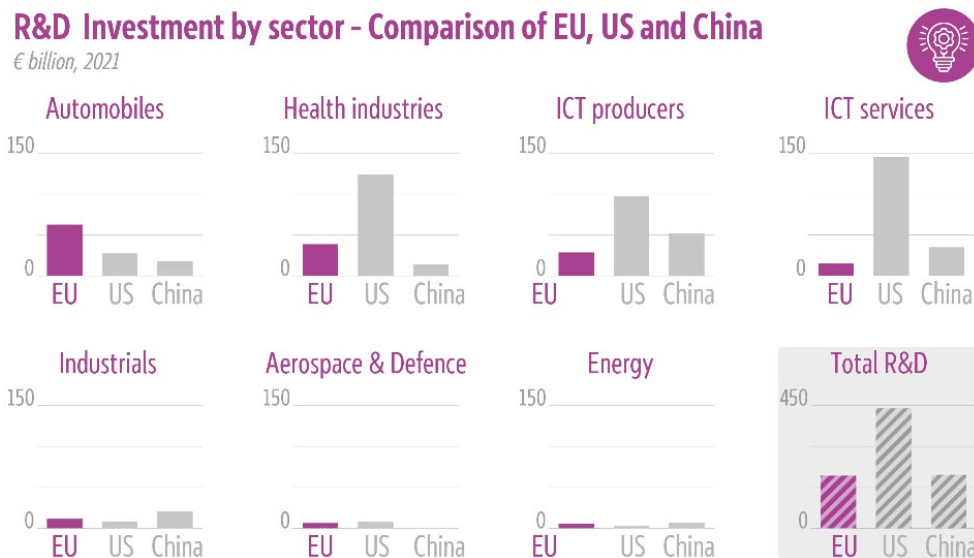
## Potential benefit of further EU action



## Key proposal: Strengthen EU research and innovation ecosystems

Among the possible avenues for EU action one of the most promising is to strengthen the EU R&D eco-systems. While representing 6% of the world's population, the EU nevertheless remains a global R&D powerhouse, producing 20% of the world's top scientific and innovation output, measured in top 10% publications and patent applications.<sup>5</sup> However, there are investment shortfalls in strategic and research intense industries such as ICT and health, compared to other global competitors (Figure 19).

Figure 19 – R&D investment by sector



Source: JRC, [EU Industrial R&D Scoreboard 2022](#)

In the space sector, closing the R&D investment gap in global navigation satellite systems (GNSS) is critical to ensure that European companies retain their competitive advantage. This is mainly due to private R&D investment (in all sectors, not just in space), which is lower in the EU compared to global competitors. The EU also lags behind in market-based financing for riskier investments. Investment in academic research, which is crucial for providing ideas to the market, attracting funding for business and creation of scientific clusters, are also too low. Gender inequalities in research careers persist, as well as an entrepreneurial gender gap compared to other regions of the world. Moreover, R&D investment is very geographically concentrated in the EU, as 10% of EU regions account for 50% of EU investment. The cooperation on patents happens mainly at national Member State level, with only 3-5% inter-regional cooperation taking place across national borders.

## What would the proposal entail?

The European Parliament called for an improved EU R&D ecosystem in its resolution on a new ERA for research and innovation,<sup>6</sup> in its resolution on the implementation of the European Innovation Council,<sup>7</sup> and in the amendments adopted on 17 October 2023 on the proposal for a regulation of the European Parliament and of the Council establishing the strategic technologies for Europe platform (STEP).<sup>8</sup> Specific measures include:



More and better spending on R&D including in strategic sectors such as ICT, health and space;



Facilitate more collaboration on research and innovation among Member States and promote innovation diffusion and transfer in less-developed and transition EU regions;



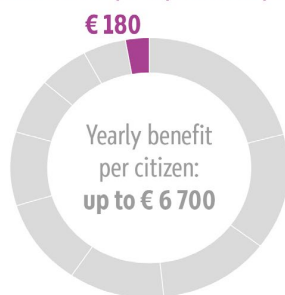
Strengthen enabling conditions for R&D by addressing market barriers and gender inequalities.

The 2023 EPRS study reveals that joint EU investment in R&D could bring economic benefits as well as accelerate the EU energy and digital transformations and benefit healthcare. Moreover, EPRS also estimates that joint EU investment in space innovation could bring European added value by increasing GDP, creating jobs, boosting the Union's economic competitiveness and its open strategic autonomy.

Figure 20 – Research, education and culture

### Research, education and culture

Additional yearly benefit per citizen: **€ 180**



#### Key proposal

**Strengthen EU research and innovation**

European Parliament resolution on a new ERA for research and innovation (2021/2524(RSP))

Source: EPRS.

### What could this mean in practice?

Space is a key EU economic sector, as space technologies and data benefit many civil and military sectors and are a crucial enabler in the green and digital transitions. Thanks to EU-funded global navigation satellite system (GNSS) Galileo, enabling 2.5 billion smartphones, EU citizens (and other users worldwide) have access to geolocalisation services. Many other sectors such as transport, agriculture, border management and civil protection also rely on this precise (20 cm accuracy) system, used for example during search and rescue operations, as well as in autonomous driving and aerial drones.

Russia's aggression against Ukraine revealed how necessary a resilient and secure space-based communication system is for governments, business and citizens. Consequently, the European Parliament supported the proposal to build Europe's first [multi-orbital satellite constellation](#). Nevertheless, the EU still struggles with reaping the full benefits of space exploration, a sector that has an exponential economic [potential](#). Since halting space cooperation with Russia, and in the wake of technical problems with the two European rocket launchers (Ariane 6 and Vega-C), the EU does not currently have autonomous access to space. Member States' investment of around €6.5 billion per year look paltry in comparison with the €22 billion spent by the US and China's €12 billion investment. The Parliament has [supported](#) strengthened EU joint action in space through the EU space programme including support for securing autonomous access to space.

A lot of [untapped potential](#) for more EU-level action in this sector of strategic importance therefore remains. The 2023 EPRS report on the [cost of non-Europe in the space sector](#) finds that by investing more jointly in space, the EU could benefit from efficiency gains through joint budgetary spending and action. In the most ambitious scenario of building and operating EU open strategic autonomy in space, the study envisages that there could be economic benefits that reach €58 billion in additional GDP in 2030 and 671 000 additional jobs. The EU could also improve its space preparedness by upgrading its capacity to co-design an EU space strategy over 20 years.

- <sup>1</sup> European Parliament [resolution](#) of 11 February 2021 on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions European Skills Agenda for sustainable competitiveness, social fairness and resilience (2020/2818(RSP)).
- <sup>2</sup> European Parliament [resolution](#) of 19 May 2022 on establishing the European Education Area by 2025 – micro-credentials, individual learning accounts and learning for a sustainable environment (2022/2568(RSP)).
- <sup>3</sup> European Parliament [resolution](#) of 16 January 2024 on the implementation of the Erasmus+ programme 2021-2027 (2023/2002(INI)).
- <sup>4</sup> European Parliament [resolution](#) of 21 November 2023 with recommendations to the Commission on an EU framework for the social and professional situation of artists and workers in the cultural and creative sectors (2023/2051(INL)).
- <sup>5</sup> European Commission, [Science, Research and Innovation performance of the EU](#), 2022.
- <sup>6</sup> European Parliament [resolution](#) of 8 July 2021 on a new ERA for Research and Innovation (2021/2524(RSP)).
- <sup>7</sup> European Parliament [resolution](#) of 22 November 2022 on the implementation of the European Innovation Council (2022/2063(INI)).
- <sup>8</sup> [Amendments](#) adopted by the European Parliament on 17 October 2023 on the proposal for a regulation of the European Parliament and of the Council establishing the Strategic Technologies for Europe Platform ('STEP').

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Global challenges – including climate change, geopolitical conflict, erosion of democratic principles and social inequalities – affect people's daily lives and future prospects. A collective European response over the next 10 years could help to address these challenges – and offer benefits worth up to €3 trillion a year. This represents around 18 % of EU gross domestic product (GDP), equivalent to €6 700 per citizen every year. Referring to the European Parliament's work during the 2019-2024 term, our research has identified action in 10 policy areas that could unleash Europe's potential – without the need for Treaty change.

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