

EUROPA 2025

from the Economy's Viewpoint

SUMMARY



Contracting Entity:



Europäischer Wirtschaftssenat e.V.
Wirtschaftskompetenz für Europa

Executing Institute



Institut der deutschen
Wirtschaft Köln *Consult GmbH*

Summary: Europe 2025 from the Economy's Viewpoint

The last two decades have been characterized by a global shift of power from industrialized countries to emerging and developing countries. The winner in this context is China, a country that has achieved an extreme increment in its share regarding the global national product as well as the global trade volume. This is one of the reasons why "Europe 2025 from the economy's viewpoint" is both an urgent and interesting topic. The focus is on three key questions:

- What kind of future will Europe have at the global competition level?
- What is Europe required to do so as to strengthen its international competitiveness?
- How can companies prepare themselves to cope with future global trends?

The European Economic Senate (Europäischer Wirtschaftssenat e. V. (EWS) is trying to find answers to these questions and has engaged IW Consult GmbH to elaborate a study in this context. This study is based on the evaluation of relevant literature and international statistics. The intention behind is to particularly focus on the viewpoint companies have in terms of assessing their future prospects and possible solutions. To this end, a survey of relevant companies was performed.

The study shows that Europe is strong and benefiting from the effects of globalisation - despite the global shift of power towards "new competitors" (developing industrialized countries in Europe, Asia, Africa and South America). Here a summary of the most important results:

- Europe is strong. This fact is based on the evidence of various international indicators. For example, the EU belongs to the strong economic areas with high standards of living which, among other things, is reflected in a comparably high life expectancy. Moreover, if compared to other countries, the EU is a region of high political stability. This strength is also reflected in the opinions stated by the surveyed companies.
- When it comes to economic strength, a massive global shift of power has taken place. "New competitors" were able to significantly increase their GDP. A particular powerhouse in this context is China.
- The highest absolute growth took place in the new competitors' domestic markets, a growth from which even entrenched industrial countries could benefit. Despite high losses, exports of entrenched industrial countries have experienced an increase in absolute terms. The growth of

the new competitors' markets facilitates significant additional exports although the market shares of established industrial countries are on the decline.

- The global shift in power continues. Both the forecast of the International Monetary Fund, IMF, and the expectations of the surveyed companies arrive at this conclusion.
- The position of Europe, its strengths and/or weaknesses are analysed in detail: Europe is scoring in the area of regulatory framework, infrastructure, access to energy, specialist workforce and innovative ideas. Costs and raw materials are identified as the present weaknesses to cope with. This also results in a scenario of threat with respect to Europe as production base.
- Based on the strengths and/or weaknesses of Europe's position, the study analyses the perspectives of an increase in competitiveness and a common approach.
- In the opinion of the surveyed companies, we still have a bit to go before we achieve the goal of a common Europe. According to their forecast, we will have covered less than half of the distance in 2025. Nevertheless, Europe will be able to maintain its political leverage and continue to be an important diplomatic player in the political arena.