

# euroconsumers forum 2021

## consumers in the air

Responsible and Sustainable Innovation in the post-Covid Economy

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People often ask me: what does the EU look like today?

First, the Union crawled out of the economic depression faster than many expected. The depression lasted a year but the economic growth from 2021 to 2023 will be 12%.

The European institutions have played a major role in this recovery by moving away from a rigid austerity policy like the one they had to pursue a decade ago. The joint purchasing of vaccines has allowed us to overtake the UK and the US in terms of vaccination, and the ECB has continued to pursue an expansionist monetary policy with extremely low interest rates. We dropped a lot of taboos.

The EU, by the way, thought of the longer term while there was a crisis. It has created a Recovery Fund of 750 billion euros with two-thirds of the new funds going to the digital and climate transition. These funds de facto double the European budget for the next few years. The EU is definitively more climate-friendly now than it was a few years ago. The Green Deal now brought the ambition for 2030 to decrease green house gas emissions to 55% with the goal of becoming climate neutral in 2050.

By the way, inflation is a problem but recent forecasts of the European Commission on inflation are not catastrophic at all: 3% for 2021, followed around 2% in 2022 and 2023.

The EU is at the top of the world in climate technology but that is not the case in other areas. We lost the battle for leadership on the use and possession of personal data. However, we are well placed to do much better on industrial data. We are behind on artificial intelligence or on batteries. The European Commission and member states are working to respond. Only cooperation between countries and companies offers a way out. Scale and size are key when your competitors are Chinese and American giants.

The Union has also become more aware since a few years that in geopolitical rivalry it has to rely more on itself than before. We must take our destiny more into our own hands. If the EU wants to be a geopolitical actor, it must no longer be too dependent. We call this 'strategic autonomy' or 'European sovereignty'. It is not about being autarkic or closed. It is about being less dependent in strategic domains such as digital, energy, chips, irregular migration, the dollar, the London City, defense, food, medical equipment and medicines, etc. We want to remain an open economy but we want to better protect our interests. We want to protect without being protectionist. Open but not naive.

Unity, internally and externally, is crucial for a union of 27 member states. However, we have not yet succeeded in achieving that unity over the functioning of all our national democracies and over the rule of law within the EU. It is not because one has an absolute majority in parliament that one has absolute power.

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In the context of internal unity, social cohesion is so important. The pandemic has increased inequalities in income or wealth. Inflation will reinforce this tendency. The difficulties of living together among people belonging to different cultures also put pressure on social cohesion and solidarity. Our societies are also fragmented by increasing individualization, with social media and its culture (or lack of culture) of shouting and insulting playing a major role. A divided society is not good for the European idea, which is based on solidarity, on dialogue and on transcending private and national interests. Dividing is easier than connecting.

The EU must defend its interests and values in the world primarily in order to protect the well-being and good life of its citizens. Power for power's sake or a nostalgic longing for the European empires of the past are not part of that objective. The EU promotes dialogue and cooperation while being firm on its principles. It is willing to work with like-minded countries and not like-minded, to achieve important goals such as peace, prosperity for all and planet. The EU is also a soft global actor. That is why it is the largest donor on development cooperation and climate finance. It should also be on COVID vaccines (which it is not now).

In the pandemic, it also becomes clear that we need more European cooperation, not less. Especially with regard to health, many citizens explicitly ask for this. We learned during the pandemic that the common good at all levels is the most precious good. We need strong and effective national governments. How can one fight a pandemic without rules? How can one reduce greenhouse gases without coercive legislation? How can one have strategic autonomy without political guidance? The market alone will not get there. Of course, the market and technology can play an important role but within a democratically agreed framework. A real market not the one in the hands of digital monopolies.

In general, digital tools also need to be used massively by the positive forces in society that are still a silent majority.

Yes, we draw lessons from the multiple crisis since 2008. We need more and better Europe to safeguard our economies and our societies.

Herman Van Rompuy  
President of the European Council emeritus