Q&A

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Europe's security depends on a strong and competitive European economy

What are the main priorities of the Danish Presidency in the economic and financial area?

Denmark's EU presidency takes place at a time where Europe is facing great economic and security related chal-lenges. The world is changing. And Europe needs to step up. We need to strengthen our productivity and com-petitiveness and at the same time we need to invest massively in our defence and the green and digital transition.

Therefore, the Danish ECOFIN presidency has two main priorities – European security and European competi-tiveness. These priorities go hand in hand. In order to finance our priorities related to security and defence, it is necessary to have a strong and competitive European economy. Conversely, a secure Europe that can defend itself is a fundamental framework condition for a competitive economy with strong and sustainable growth.

Ukraine's fight is a fight for freedom, democracy and security – and a matter of security for all of Europe. A top priority for our Presidency will therefore be to ensure continued support for Ukraine. Europe must lead the way together with other like-minded democratic countries. At the same time, Europe has committed to significantly increased spending on defence and security. Europe needs to be able to defend itself by 2030 at the latest.

For Europe to be a strong global player that can take care of its own security, it is paramount that we strength-en our productivity, competitiveness and economic performance, also in view of the Draghi report. The Danish Presidency will therefore give high priority to developing efficient and better integrated capital markets within the Savings and Investment Union, simplifying the EU regulatory framework and reducing burdens on our busi-nesses and authorities, as well as the promotion of structural reforms in member states.

To what extent are European economies affected by uncertainty, and what should be the key domestic policy priorities for improving competitiveness in the EU in a world of systemic uncertainty, low growth and high public debt?

European economies are greatly affected by uncertainty and, indeed, historical challenges. In 2025, the world economy has been characterized by turbulence in international trade and markets, increasing geoeconomic fragmentation and geopolitical challenges. Europe must address our challenges through coordinated and joint action at the EU level, but it is equally important to take determined action in terms of economic reforms at the national level.

Structural reforms in all EU member states are vital to ensure that our national economies are robust, resilient and competitive and have fiscal space for political priorities. Economic reforms are thus essential to handle the fiscal pressures from defence financing, the green transition, and other prioritized policy areas. Reforms enhanc-ing the flexibility and resilience of labour, product, and capital markets have proven to be important for foster-ing more competitive and dynamic economies and thus wealth and prosperity.

Differences across EU countries in terms of productivity and economic growth point to a significant potential in closing the gaps in economic performance through national structural reforms. I believe that all EU member states have work to do.

How do you see the respective roles of private and public financing in supporting the investments needed to achieve Europe's political priorities?

Overall, the European economies do need substantial investments in defence and security, the green and digital transitions, and other priorities. However, Europe's ability for public financing of investments is challenged by high debt in many countries. So the vast majority of new investments will have to be private investments, as also pointed out in the Draghi report. And Europe has great potential to mobilize and attract more private capi-tal. That is why we need to press ahead with the Savings and Investment Union.

It is well known that European households hold substantial savings in bank accounts at low interest rates that could instead be directed towards capital markets to foster investments in productive companies, new technol-ogies, and innovation. We must ensure better framework conditions that allow savings to work effectively in the capital markets to their most productive ends. This will help innovative companies to start up and scale up – in Europe. Our savings represent a significant, yet underutilised, potential for improving innovation and productivity growth. For the benefit of the individual European that invests, and for the benefit of businesses that need financing.

The Danish Presidency will thus give priority to initiatives related to the Savings and Investment Union, includ-ing the proposal to revise the securitisation framework to strengthen the lending capacity of banks, and the upcoming recommendations for European savings and investment accounts to name a few of the first initiatives in the comprehensive work plan.

Public investments also play a role. But again, this requires structural reforms in member states, so we build the necessary fiscal space for investments. Other than that, it is important to better utilise public financing – includ-ing the EU budget – to de-risk and crowd in more private investments, e.g. through a simpler design and in-creased use of guarantees within strategic areas.

The EU budget should be modernised to answer the challenges of the next decade and reflect our strategic pri-orities. The next long-term budget must be simpler and more impactful, setting an ambitious and responsible direction for Europe.

When it comes to common European debt it is important to say that even though a lot of people are talking about it, it is not a silver bullet. Every member state must take responsibility for its own economy through the necessary structural reforms that ensure sounder public finances across Europe. Situations where common debt might be relevant are confined to the most prominent European public good, namely European defence. Our loans for Ukraine and the new loan instrument (SAFE) reflect this logic.

How important is the simplification and burden reduction agenda to European competitiveness?

Strengthening European productivity growth is vital for competitiveness, growth and prosperity. To this end, a simple common rulebook with a minimum of burdens on businesses is key. The European single market with common and streamlined rules is a vital asset and an important driver of European innovation and productivity. And one common rulebook is better for trade and competition and thus also productivity than 27 different sets of rules. However, the advantage and potential of our common rules can be much greater if we succeed in sim-plifying the EU regulatory framework and reducing the burdens on our businesses.

A central priority of the Danish Presidency is therefore the simplification and burden reduction agenda. There is a great potential in simplifying EU rules while at the same time maintaining the underlying goals, i.e. of financial stability and a strong consumer and investor protection. Nationally, we also have to pay attention to implemen-tation costs and the issue of gold plating.

The Commission has already set ambitious targets for the reduction of administrative burdens, and the Danish Presidency is taking the burden reduction and simplification agenda forward, also on financial regulation. To complement the good work on reducing the stock of administrative burdens, the Danish Presidency will pro-mote a forward-looking approach to the flow of new EU legislation. We need to more actively monitor the over-all development of costs for businesses and public authorities of EU regulation.

In order to assess benefits and costs of EU proposals, costs need to be transparent, and impact assessments therefore have to be complete and accurate when the Commission puts forward a proposal. It is equally im-portant to be able to assess the impact of significant amendments to the Commission proposals made by co-legislators during the negotiations in order to have a clear view of the impacts of the final proposals. The Com-mission's work on the methodology on impact assessments, including methods that can be used throughout the legislative process, is therefore much welcome, and indeed a crucial step in our efforts to strengthen Euro-pean competitiveness.

New or revised rules should be relevant, entail a minimum of burdens and result in benefits that outweigh the costs. Simplifying existing rules is not enough: We have to ensure that any new regulation is simple and light in terms of burdens. And we need to make sure that we get the rules right the first time.