

Joint statement – Driving Europe's Competitiveness Agenda Through Territories and Businesses

Eurocities and **Business for a Better Tomorrow** share a common ambition: to strengthen Europe's competitiveness while delivering tangible benefits for people, places, and businesses across the continent in line with our common decarbonisation objectives. As the European Union continues to develop its competitiveness agenda for the years ahead, we call for a stronger territorial dimension that recognises businesses, cities and metropolitan areas as essential drivers of innovation, investment, productivity and sustainable growth.

Europe's competitiveness will ultimately be determined by its ability to translate innovation into sustainable solutions that improve daily life and strengthen industrial leadership, not by quick fixes and deregulation. Cities are where a large share of Europe's economic activity, talent, research capacity, infrastructure and market demand are concentrated. By improving their environment and carbon footprint, cities provide the testing ground for new technologies, innovative business models and public-private partnerships. At the same time, businesses are critical partners in delivering the products, services and investments needed to achieve Europe's economic, environmental and social objectives, while creating local value and strengthening territorial resilience through their activities. The signatories of this declaration defend a competitiveness model that is innovative, sustainable, resilient and inclusive, translating European ambitions into tangible benefits for people and businesses across all territories.

To fully unlock Europe's innovation potential, EU policies must be designed and implemented with a stronger understanding of territorial and business realities. The territorial dimension of competitiveness must be taken into account.

As highlighted by the Letta report, competitiveness, innovation and cohesion are not competing priorities but mutually reinforcing objectives. A place-based approach can accelerate the uptake of innovative solutions, foster investment,

and ensure that all regions contribute to and benefit from Europe's economic transformation.

We therefore call on the European institutions to:

1. Put cities and businesses at the heart of the competitiveness agenda

European competitiveness strategies should explicitly recognise the role of cities and metropolitan areas as innovation ecosystems, industrial hubs and lead markets for emerging solutions. Policymaking should be informed by local realities and benefit from structured dialogue with local authorities and economic stakeholders. The new tools put in place by the European institutions – such as the European Competitiveness Fund – to boost competitiveness should therefore reflect these local realities in their governance.

2. Create the conditions for innovation to scale

Europe already possesses world-class research, innovative companies and entrepreneurial talent. The challenge is to accelerate deployment and market uptake. EU policies should better support the scaling of innovative solutions through regulatory experimentation, innovation-friendly procurement, strategic investments and stronger collaboration between businesses, cities, research institutions and public authorities.

3. Recognise the enabling role of regulation

European companies need a regulatory environment that provides clarity, predictability and supports their ability to innovate and invest. Policymakers should ensure that applicable rules enable businesses to develop and deliver products and services that support cities' ambitions, including climate neutrality, circularity, affordable housing, clean mobility, digital transformation and resilient infrastructure.

4. Strengthen demand-side innovation to power Europe's competitiveness and sustainability ambitions

Cities represent significant markets for innovative goods and services. Public procurement, public investment and urban development strategies can help create demand for European solutions while supporting strategic EU objectives.

The European framework should facilitate, rather than constrain, innovative partnerships between cities and businesses, rewarding better-performing more virtuous companies. The Public Procurement Act is an unmissable opportunity to empower cities and all public buyers to strategically pursue innovation and sustainability goals with the flexibility to adapt to local realities, providing key levers to promote quality and long-term value while contributing to Europe's competitiveness and resilience.

5. Align competitiveness, sustainability, and quality of life

Long-term competitiveness benefits from the quality of life offered by European cities and regions. Investments in sustainable mobility, clean energy, circular and social economy, health, digital infrastructure, housing, skills, quality local jobs and climate resilience strengthen Europe's attractiveness, productivity and economic resilience. They support the adaptation of both territories and businesses, enabling public authorities to generate key avoided costs and avoid far higher crisis expenses down the line. EU policies should recognise these investments as strategic competitiveness assets.

6. Adopt a territorial lens across EU policymaking

The territorial impacts of EU initiatives should be systematically assessed. Policymakers should consider how legislation affects cities, local innovation ecosystems, infrastructure planning, service delivery and business development. Better territorial governance can improve both policy effectiveness and implementation. This lens should be explicitly acknowledged and enforced in the design of future funding instruments such as the European Competitiveness Fund.

7. Support local environmental and social vulnerability and opportunity mappings to drive EU's territorial resilience

The EU and member states should support local authorities to carry out climate risk assessments, including by facilitating access to data that cities will be able to use and share. Mapping risks (such as flood risks, heatwaves, or biodiversity loss) empowers local authorities to refine their public policies and adaptation strategies. Simultaneously, this shared intelligence enables businesses to unlock economic opportunities, design targeted solutions, and submit procurement bids that directly address real territorial needs.

A Shared Commitment

Europe's future competitiveness will depend on its ability to mobilise all actors and territories. Businesses and cities are natural partners in building a more innovative, resilient and sustainable European economy. By embedding a stronger territorial dimension into the EU competitiveness agenda and ensuring a regulatory framework that supports innovation, investment and deployment, Europe can create the conditions for companies and cities alike to thrive.

Eurocities and Business for a Better Tomorrow stand ready to work with the European institutions to develop policies that strengthen Europe's economic leadership while delivering prosperity, sustainability and opportunity across all territories.

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