

# HORIZON 2030

Looking ahead to **challenges**  
and **opportunities**

**Guido Bichisao**

European Investment Bank

**Marco Mora Diaz and Elisa Pizzi**

Deloitte



# HORIZON 2030

Looking ahead to **challenges**  
and **opportunities**

**Guido Bichisao**

European Investment Bank

**Marco Mora Diaz and Elisa Pizzi**

Deloitte

© European Investment Bank, © Deloitte, 2019

All rights reserved

All questions on rights and licensing should be addressed to [publications@eib.org](mailto:publications@eib.org)

Photos: © Shutterstock, gettyimages, EIB Photolibrary

## Introduction (abstract)

In a constantly changing and globalising world, “Europe is a force to be reckoned with”.<sup>1</sup> Nonetheless, the various challenges affecting the world obviously impact the European Union from an economic, environmental, demographic and technological point of view. The European Union has an opportunity to position itself as an assertive player worldwide, but to do this, is it time for the EU to change its approach as it heads toward 2030? The EU has a chance to enhance its political will and to develop what Jean-Claude Juncker coined “**Weltpolitikfähigkeit**”, i.e. “the capacity to play a role as a Union in shaping global affairs”<sup>2</sup>.

Mega-trends observed at EU level and on a global scale include, among others, fragmentation and external competitiveness, climate change, security and migration, and technological transformation. To turn challenges into opportunities, the European Union proposes and implements solutions aimed at boosting investments, fostering international cooperation and development, and promoting technological innovation, while addressing social challenges such as climate change.

Within this context, what are the possible outcomes that are likely to be observed at EU level in the period up to 2030? A secular transformation is occurring and the lack of political will may prevent the EU from becoming an assertive player worldwide. The European Union has the chance to take on social and political responsibilities and to embrace change as an opportunity to shape the future of humanity positively at both EU and international level. In this context, the ultimate goal of the EU should not be to take power but rather to enhance social responsibility.

---

<sup>1</sup> Authorised version of the State of the Union Address 2018 (2018), “State of the Union 2018. The Hour of European Sovereignty”, available at: [https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech\\_en\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech_en_0.pdf)

<sup>2</sup> Idem



The **challenges** faced by the EU, as well as the **future opportunities** that the Union can embrace, include financial and economic development, **security and migration**, technological transformation and the **environment**.

This article builds on the presentation **“Horizon 2030: Looking ahead to challenges and opportunities”**, delivered by Guido Bichisao during the Deloitte event **“EU conference: The changing landscape of Europe – embracing transformation with innovation”**, which took place on 18 January 2018 in Luxembourg. It aims to present in a comprehensive and concise way the challenges currently faced by the EU as well as the future opportunities that the Union can embrace as regards the issues that are at the top of its agenda. The main topics that will be tackled in the article are i) the financial and economic landscape, ii) security and migration, iii) technological transformation, and iv) the environment. The conclusion will discuss possible scenarios that the EU is likely to experience up to 2030.

## The EU facing challenges within the global context

At the global level, multilateral systems such as the G7 and the G20, the USA, and emerging countries in Africa and Asia play a crucial role in shaping international relations and diplomacy.

Nowadays, the USA is slowly moving from the role of a champion of multilateralism and a key player in shaping global trade and international political relations to a country focused on “America first” and primarily driven by its own interests. In the past decade, a booming economy led to a profound change in Africa while in Asia, China is playing an increasingly important role, not only from an economic point of view but also diplomatically and multilaterally. The country has also strengthened its relations with its neighbours in Asia, and it is the host of the six-party talks aiming to end the North Korean nuclear programme<sup>3</sup>.

---

<sup>3</sup> Jeffrey A. Bader (2005), “China’s Role in East Asia: Now and the Future”, available at: <https://www.brookings.edu/on-the-record/chinas-role-in-east-asia-now-and-the-future/>

Within this context, the EU has a chance to position itself as an **assertive player facing both internal and external challenges**, and turning these challenges into opportunities to be embraced from both a political and economic point of view.

Currently, the EU is facing an internal political transformation following Brexit and the rise of populist and extreme right parties in several Member States. From an economic point of view, despite widespread economic recovery, EU Member States and European banks still face a number of challenges arising from the economic and financial crisis<sup>4</sup>. Other challenges include the ongoing migrant and refugee crisis and the threat of terrorism, as well as the problems of resource wastage and climate change. In addition, new technologies are being increasingly expected to play a crucial role in shaping the daily lives of citizens worldwide, impacting our way of working in the near future. However, the development of European digital infrastructure and technologies, the provision of e-government services to citizens and the implementation of policies enabling citizens to make the most out of digital technologies remains a challenge for EU policy makers.

## The financial and economic landscape

When considering the financial and economic landscape at EU level, the present challenges faced by the Union include i) external competitiveness, including the internationalisation of SMEs, and ii) the presence of an infrastructure gap, as well as iii) access to finance and the new shadow banking systems (Blockchain, Fintech, Crowdfunding).

---

<sup>4</sup> European Central Bank (2017), "Europe's economic recovery: challenges and opportunities for the banking sector", available at: <https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170524.en.html>

Nowadays, the world's fastest growing economies are located outside Europe, i.e. in Asia, the Middle East and Africa. In an effort to help EU businesses penetrate foreign markets, the EU is organising missions to a number of countries with fast-growing economies<sup>5</sup>. The aim of these visits is to **help companies and SMEs in the EU internationalise their activities** and to foster cooperation with emerging markets in fields such as industrial innovation, key enabling technologies and access to raw materials.

Infrastructure is essential for sustained economic growth, competitiveness and social progress and it is crucial for governments to make the most of their existing infrastructure assets<sup>6</sup>. Governments, however, tend to invest in and build new infrastructure and neglect the need to modernise existing infrastructure. According to the World Economic Forum, the global infrastructure investment gap amounts to about 1.4% of global GDP<sup>7</sup>. At EU level, **reducing the investment gap** is one of President Juncker's priorities. To overcome the current investment gap in the EU, the *European Fund for Strategic Investments* (EFSI) was launched jointly by the EIB and the European Commission to mobilise private investments, targeting, in particular, projects that are strategically important for the EU. The key sectors that EFSI covers are i) strategic infrastructure, ii) education, research, development and innovation, iii) renewable energy and resource efficiency, and iv) support for small and medium-sized businesses.

Access to finance is a key factor in supporting innovation and growth, for which the EU has developed specific instruments entrusted to the EIB. **Lending, blending and advising are the principal activities of the EIB,**

---

<sup>5</sup> European Commission (2013), "Missions for Growth: EU businesses benefit from emerging markets", available at: [https://ec.europa.eu/growth/content/missions-growth-eu-businesses-benefit-emerging-markets-0\\_en](https://ec.europa.eu/growth/content/missions-growth-eu-businesses-benefit-emerging-markets-0_en)

<sup>6</sup> World Economic Forum (2014), "Strategic Infrastructure. Steps to Operate and Maintain Infrastructure Efficiently and Effectively", available at: [http://www3.weforum.org/docs/WEF\\_IU\\_StrategicInfrastructureSteps\\_Report\\_2014.pdf](http://www3.weforum.org/docs/WEF_IU_StrategicInfrastructureSteps_Report_2014.pdf)

<sup>7</sup> World Economic Forum, "Introduction: The Operations and Maintenance (O&M) Imperative: The Global Infrastructure Gap", available at: <http://reports.weforum.org/strategic-infrastructure-2014/introduction-the-operations-and-maintenance-om-imperative/the-global-infrastructure-gap/>

which provides clients with sophisticated tools to blend financing with additional sources of investment such as structured finance, guarantees, project bonds, InnovFin products, and trust funds. The European Investment Advisory Hub is the EU's response to the need for a better investment environment: a joint initiative by the European Commission and the European Investment Bank under the Investment Plan for Europe, the Hub offers a single access point to a 360-degree offer of advisory and technical assistance services with the aim of strengthening Europe's investment and business environment.

However, much more is needed to make Europe a vibrant economy, attracting talent and fostering adequate innovation.

The proposal for the new post-2020 Multiannual Financial Framework will entail a set of legislative proposals defining future EU spending programmes and taking into account i) the lessons learned from evaluations of existing programmes, as well as ii) stakeholder's views collected through a series of consultative activities<sup>8</sup>. At the core of the discussion remains the question of how to allocate effectively the scarce resources available to the EU budget, while balancing national priorities with a European vision, creating the conditions for a revived economy able to compete with new emerging players. The technical question linked to the relative importance of centralised financial instruments rather than decentralised instruments as well as an EU Treasury can be best answered by defining the mechanism which would most effectively channel the money where it is most productive.

---

<sup>8</sup> European Commission (2018), "EU budget for the future", available at: [http://ec.europa.eu/budget/mff/index\\_en.cfm#debate](http://ec.europa.eu/budget/mff/index_en.cfm#debate)



**Lending, blending** and **advising** are the principal activities of the EIB, which provides clients with **sophisticated tools** to blend financing with additional sources of investment.

## Security and migration

Terrorism, the influx of immigrants and external demographic pressure are the main challenges related to security and migration that the European Union is currently addressing. As possible solutions to the above-mentioned threats, the Union puts forward development cooperation with third countries, the implementation of the External Investment Plan and the promotion of European Economic Diplomacy.

Through the **Economic Resilience Initiative**, the EIB, in close cooperation with EU Member States, the European Commission and other partners, is aiming to deploy additional financing to support the capacity of economies in the Southern Neighbourhood and Western Balkans regions to tackle the challenges deriving from forced displacement and migration. The ultimate goal is to boost economic resilience in the above-mentioned regions through investments in infrastructure and the private sector, and through the creation of jobs.

While economic resilience is the most important instrument for coping with demographic trends, its deployment requires a long period of time. In order to address the pressing threat of terrorism, the main role of the European Commission in this context is based on the PREVENT and PROTECT strands. In this regard, the European Commission has developed policies aimed at preventing terrorist attacks and improving the management of their consequences. In December 2016, the European Commission adopted a package of measures to strengthen the EU's capacity to fight the financing of terrorism and organised crime, delivering on the commitments made in the **Action Plan against terrorist financing** of February 2016<sup>9</sup>.

---

<sup>9</sup> European Commission (2016), "Security Union: Commission adopts stronger rules to fight terrorism financing", available at: [http://europa.eu/rapid/press-release\\_IP-16-4401\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4401_en.htm)

Turning to the promotion of development cooperation, the **Sustainable Development Goals** (SDGs), coordinated by the United Nations with the support of the OECD, aim to make a tangible impact on the lives of citizens worldwide. The 2030 agenda of the Sustainable Development Goals (SDGs) encompasses economic, social and environmental aspects including, for example, topics such as *ending poverty, zero hunger, gender equality, clean water and sanitation, and climate action*.

Making a crucial contribution to the achievement of the UN's SDGs, the **External Investment Plan** (EIP)<sup>10</sup>, adopted in September 2017, fosters cooperation between EU Member States and third countries. Building on the success of EFSI, the EIP streamlines the use of financial instruments outside of Europe, reinforcing the impact generated by the EU in its international economic activity. The **European Fund for Sustainable Development** is an innovative instrument worth several billion euros for boosting investments in EU partner countries in Africa and the European Neighbourhood, with a view to mobilising sustainable public and private investments. The ultimate objectives of the EIP are to contribute to sustainable development and job creation, and to unblock bottlenecks to private investment by addressing the risks.

When considering the role played by **European Economic Diplomacy**, the launch of "Missions for Growth" between 2009 and 2014 by Antonio Tajani, European Commission Vice-President at that time, is an important example of what the EU can do. "Missions for Growth" involved around thirty missions carried out with the purpose of helping EU enterprises do business abroad, particularly in emerging markets, while enabling them to take part in political meetings with local authorities, as well as to organise business-to-business exchanges<sup>11</sup>.

---

<sup>10</sup> European Union, "EU External Investment Plan", available at: [https://eeas.europa.eu/sites/eeas/files/4\\_external\\_investment\\_plan\\_3pg.pdf](https://eeas.europa.eu/sites/eeas/files/4_external_investment_plan_3pg.pdf); European Commission "EU External Investment Plan", available at: [https://ec.europa.eu/commission/external-investment-plan\\_en](https://ec.europa.eu/commission/external-investment-plan_en)

<sup>11</sup> European Parliament, Florence Bouyala Imbert (2017), "In-depth analysis. EU economic diplomacy strategy", available at: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/570483/EXPO\\_IDA\(2017\)570483\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/570483/EXPO_IDA(2017)570483_EN.pdf)



Security and migration are fundamental challenges facing Europe for the foreseeable future. Demographic trends, the exponential increase in mobility, globalisation, and cultural differences are all raising questions on how to be prepared for a changing reality whereby Europe is not as central as it used to be.

## Technological transformation

A technological transformation is occurring in the European Union and internationally. It includes the development of artificial intelligence and new approaches to infrastructure design. Technological transformation also implies challenges for public and private actors, and for citizens. The use of technology facilitates our daily lives but it also harbours challenges such as the need for governments and enterprises to modernise their IT infrastructure or the need to overcome professionals' and consumers' lack of confidence in technological transformation and to cope with the emergence of new jobs.

At EU level, the European Commission promotes initiatives and activities to help public authorities, professionals and consumers make the most of the technological transformation, notably with respect to:

- **Industry 4.0:** a fourth industrial revolution, under the title **Industry 4.0**, is transforming economies, jobs and society through the diffusion of smart and connected technology. This pervasive shift is possible thanks to the integration of digital and physical technologies across all areas of business, production, mobility and communications. The fourth industrial revolution poses risks, but also offers opportunities for new products and services, better ways to serve customers, new types of jobs and new business models<sup>12</sup>.
- **Smart cities:** another interesting example that shows the ways in which technologies affect our daily lives. A smart city collects and uses open data to drive its decision-making and to improve the ability of governments, businesses, non-profit organisations, community groups, universities and hospitals to serve its residents<sup>13</sup>. In particular, smart cities trends affect six specific areas through the use of technology: the economy, mobility, security, education, living conditions and the environment.
- **eHealth:** the **European Commission's Digital Market Strategy** includes telemedicine and digital health and care with a view to promoting interoperability and standards within the EU for the benefit of patients, health professionals, health systems and industry<sup>14</sup>. In particular, the eHealth Action Plan<sup>15</sup> fostered by the European Commission provides

---

<sup>12</sup> Deloitte Insights (2018), "Industry 4.0: Are you ready?", available at: <https://www2.deloitte.com/insights/us/en/deloitte-review/issue-22/industry-4-0-technology-manufacturing-revolution.html>

<sup>13</sup> Deloitte, "Building the smart city with data, digital, and design. Smart city 2.0: Examples of the second wave in smart city transformation", available at: <https://www2.deloitte.com/us/en/pages/public-sector/articles/smart-city-big-data.html?nc=1#>

<sup>14</sup> European Commission "eHealth: Digital health and care", available at: [https://ec.europa.eu/health/ehealth/overview\\_en](https://ec.europa.eu/health/ehealth/overview_en)

<sup>15</sup> European Commission (2012), "eHealth Action Plan 2012-2020: Innovative healthcare for the 21st century", available at: <https://ec.europa.eu/digital-single-market/en/news/ehealth-action-plan-2012-2020-innovative-healthcare-21st-century>

a roadmap for delivering better eHealth services to both consumers and workers in the field thanks to the use of technologies and devices.

- **eEducation:** in January 2018, the European Commission adopted the *Communication on the Action Plan on Digital Learning*. The latter defines the ways in which the EU can help individuals, educational institutions and education systems make the best out of digital technologies for teaching and learning<sup>16</sup>.
- **Securing networks and information:** this is a growing challenge for the European Union and, to this end, the European Commission has promoted a number of initiatives. As an example, in September 2017, the Commission adopted a cybersecurity package that includes and promotes new initiatives to further improve cyber-resilience and response in the EU. Moreover, the Commission is putting forward a proposal to set up an **EU certification framework** with ENISA, the European Union Agency for Network and Information Security, at its heart<sup>17</sup>. Cyber-dialogues with third countries are also continuously promoted to reinforce the principles of due diligence and state responsibility in cyberspace.

While many efforts have been devoted to the challenge, the transformative impact of the technological revolution will be pervasive in our lives and the way we work. How the EU and its Member States embrace this revolution will have fundamental effects on the role Europe will play in the international economy and on the well-being of its citizens.

---

<sup>16</sup> European Commission, “Digital Learning & ICT in Education”, available at: <https://ec.europa.eu/digital-single-market/en/policies/digital-learning-ict-education>

<sup>17</sup> European Commission, “Cybersecurity”, available at: <https://ec.europa.eu/digital-single-market/en/policies/cybersecurity>



A **fourth industrial revolution**, under the title Industry 4.0, is **transforming** economies, jobs and society **through the diffusion of smart and connected technology**.

## The environment

Climate change, resource wastage and increased urbanisation are the main challenges facing the European Union in the foreseeable future.

To counteract climate change on a global scale, in December 2015, at the twenty-first Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) – also known as the Paris Climate Conference or COP21 – 195 countries adopted the first **universal and legally binding global climate agreement** that promotes a global action plan aimed at avoiding dangerous climate change.

The EU committed to continue supporting climate action to reduce emissions and build resilience to climate change impacts in developing countries<sup>18</sup>. The EIB is the biggest single multilateral financier of projects aiming to fight climate change. In 2017, the EU bank invested more than 27% of its total financing in projects related to this cause. Over the period 2016-2020, the EIB is expected to invest EUR 100 billion in this area<sup>19</sup>.

The **EU's 2030 policy perspective as regards climate change** ultimately aims to make the EU's economy and energy system more competitive, sustainable and low-emission, while ensuring affordable energy for consumers and increasing the security of the energy supply. It also proposes a new governance framework based on plans fostered at national level for competitive, secure and sustainable energy.

The target is to reduce EU domestic GHG emissions to at least 40% below the 1990 level and to achieve energy savings of 30% by 2030. The 2030 targets can be regarded as milestones of the Roadmap to reach the goal of a

---

<sup>18</sup> European Commission, "Climate action. Paris agreement", available at: [https://ec.europa.eu/clima/policies/international/negotiations/paris\\_en](https://ec.europa.eu/clima/policies/international/negotiations/paris_en)

<sup>19</sup> European Investment Fund (2018), "EIB group tackles investment gaps in innovation and development", available at: [http://www.eif.org/what\\_we\\_do/news/2018/eib-group-2017-results.htm](http://www.eif.org/what_we_do/news/2018/eib-group-2017-results.htm)

competitive and low-emission economy in 2050. According to the Roadmap, the EU should cut its emissions to 80% below 1990 levels by 2050 through domestic reductions alone. The transition to a low-emission economy concerns sectors such as power generation, industry, transport, buildings and construction as well as agriculture.

Two new funds, namely **the Innovation Fund and the Modernisation Fund**, will support the industry and power sectors in their transition to a low-emission economy. The Innovation Fund aims to extend the existing support for the demonstration of new technologies to breakthrough innovations in industry, while the goal of the Modernisation Fund is to facilitate investments in modernising the power sector and wider energy systems and boosting energy efficiency in ten lower-income Member States. Free allocations will also be available to modernise the energy sector in the lower-income Member States<sup>20</sup>.

Much progress has been achieved over the last few years but more is needed. Not only is it a global responsibility to mitigate the effects of climate change but it represents a fundamental challenge for the EU to become gradually less dependent on externally generated energy and to rely more on its own renewable, green sources.

---

<sup>20</sup> European Commission, "Climate Action. Revision for phase 4 (2021-2030)", available at: [https://ec.europa.eu/clima/policies/ets/revision\\_en](https://ec.europa.eu/clima/policies/ets/revision_en)



Whereas the **future is uncertain** and will certainly generate losers and winners, the upcoming radical changes require the EU and its Member States to **embrace a shared responsibility to promote our well-being** in the new world.

## Conclusion

“No-one is stronger alone. In an interconnected world, it is absurd to think that we can achieve success in delivering global development and prosperity if we don’t work together”, President Hoyer said in January 2018<sup>21</sup>. Working together means creating the appropriate eco-system to address common problems, with a view to identifying workable solutions based on the premise that everybody needs to do their part.

In the current changing environment, the European Union has an opportunity to become an assertive player at the centre of the policy-making that drives the global context, while continuing to represent the largest economic area. Many initiatives have been tabled and are being discussed, but more are needed to face all the future challenges.

The European Union is at a crossroads where it must decide the role it wants to play in taking responsibility for the coming changes and their implications. Last year, President Juncker tabled a set of options ranging from a status quo approach to very ambitious common objectives. The debate is indeed centred on an appropriate balance between the protection of national interests and collective responsibility.

On the one hand, the complexity of the international context and the increasing speed of change, leading to a significant re-allocation of resources across social actors, have led many countries to advocate more national autonomy to better protect their interests and slow down the pace of change.

---

<sup>21</sup> European Investment Fund (2018), “EIB group tackles investment gaps in innovation and development”, available at: [http://www.eif.org/what\\_we\\_do/news/2018/eib-group-2017-results.htm](http://www.eif.org/what_we_do/news/2018/eib-group-2017-results.htm)

On the other hand, the acceleration of technological change, the emergence of new powers such as China, demographic trends and the importance of universal challenges such as climate change cast doubts on the effectiveness of a national approach for equipping our economies for the reality of the future.

President Juncker's State of the Union Address in 2018 indicated that: "Europe can no longer be a spectator or a mere commentator of international events. Europe must be an active player, an architect of tomorrow's world."<sup>22</sup> At the same time, national elections have supported political parties that are more defensive with respect to national interests.

While the future is uncertain and will certainly generate losers and winners, the upcoming radical changes require the EU and its Member States to embrace shared responsibility to promote our well-being in the new world. Constructive dialogue ultimately provides the basis for sound governance whereby the key question is not so much related to securing the most resources but rather how to best allocate them. The suggested approach for the EU to position itself as an assertive player is to embrace change and to consider change as an opportunity, thus leading by example.

Ultimately, Horizon 2030 will be driven by the EU's capacity to allocate its resources where the generated impact is the most effective for managing the unavoidable social, economic and cultural change.

---

<sup>22</sup> Authorised version of the State of the Union Address 2018 (2018), "State of the Union 2018. The Hour of European Sovereignty", available at: [https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech\\_en\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-speech_en_0.pdf)



# HORIZON 2030

Looking ahead to **challenges**  
and **opportunities**

## Deloitte.

560, rue de Neudorf

L-2220 Luxembourg

☎ +352 451 451

[www.deloitte.lu](http://www.deloitte.lu)