
Competitiveness and Development of EU Countries in the Face of Global Economic, Social and Environmental Challenges

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Abstract:

Purpose: The third decade of the twenty-first century brought completely new economic and social challenges for the whole world. The pandemic, armed conflicts, unstable macroeconomic conditions, and disrupted supply chains are just a few examples of contemporary threats. Undoubtedly, an important aspect of these considerations and at the same time the aim of the publication is to attempt an objective assessment of the opportunities and threats for EU countries in this dynamically changing reality.

Design/Methodology/Approach: The methodology used in the publication is based on the analysis of literature and statistical sources, the presentation of available international reports on the role and importance of EU countries in the modern world. This topic is expanded by statistical and descriptive analyses of presented economic, social and environmental problems.

Findings: These challenges and threats are global in nature, but they also have a significant impact on the development and competitiveness of EU countries. These countries, by implementing a number of very progressive programmes related to sustainable development and environmental protection, incur high transformation costs, thereby putting themselves at risk of a decline in international competitiveness/ Thus, a fundamental question arises about the ideal compromise between the requirements related to sustainable development and the competitive position in the modern world.

Practical implications: The reflections contained in the publication have clear practical implications for the future development of economic and social policies for the Community as a whole. Considerations on environmental aspects are also of great importance, which, despite being a global challenge by many countries, are completely ignored.

Originality/value: The publication refers to the question of the competitiveness of EU countries and their ability to develop in conditions of strong international competition, which does not always respect the same economic, political and environmental values and standards. Thus, they refer to very topical and potentially important practical analytical research.

Keywords: Global competitiveness, development of EU countries, environmental challenges.

JEL classification: F02, F43, F63.

Paper Type: Research article.

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1. Introduction

If we wanted to paraphrase the old Latin maxim ‘navigare necesse est, vivere non est necesse’² we could certainly say ‘Progressio est necessitas, prosperitas non est necessitas’, meaning that development is a necessity, but widespread prosperity is no longer. In practice, this means that countries have to compete with each other, to climb to higher levels of development, but they do not have to compete at all in terms of generous egalitarian welfare policies.

This issue is particularly topical in terms of the EU countries, which on the one hand have achieved spectacular success in global terms as measured by the standard of living of their citizens, but this success seems to be increasingly difficult to maintain on a widespread basis.

The ever-increasing costs of sustainable development policies, historically referred to as the ‘welfare state’³, unfavourable demographic changes as well as increasingly stringent environmental standards are causing the European Union as a whole as well as its individual countries to lose their competitiveness.

Emerging market countries, including above all the BRICS plus⁴, but also highly developed countries such as the USA, Japan or South Korea, which do not always implement and respect European requirements in the areas of employment policy, working conditions, social and medical standards and environmental standards, are developing (or could potentially develop) much faster and are consistently building their technological potential. They are improving their position in the global economy, as measured by their share of global GDP, international trade flows and competitiveness rankings.

Referring to the concept of international competitiveness contained in the title, it should be noted that it is a complex term encompassing both the current state of a country's economic and social development, its openness to development, innovation and new technologies, as well as its ability to gain an advantage in the

²*Meaninnig: To sail is necessary; to live is not necessary*

³*Welfare state' policy, is a fairly well-known socio-economic policy model in economics that promotes widespread social welfare, a high standard of living for all or most of society and guarantees economic and social security in the broadest sense, which developed in the second half of the 20th century. It took different forms and models in different countries, but it can generally be said that its overarching goal was egalitarian social welfare. The crises of the late 20th century led many countries to either abandon or reform it. The Nordic model is widely recognised.*

⁴*BRICS is an informal group of states comprising the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and South Africa. At its summit in August 2023, the BRICS alliance decided to expand by six countries as of January 2024 - Iran, the United Arab Emirates, Saudi Arabia, Argentina, Egypt, and Ethiopia..*

future. And although the term international competitiveness of economies is not a new one and appeared in economics more than three decades ago, the 'fashion' for comparing the level of development of individual countries and the quality of life of their inhabitants has undoubtedly developed a great deal in the 21st century.

Not only authors of scientific publications, but also those in the press and even individual citizens are increasingly asking themselves why some countries have much better lives than others, higher incomes, better quality of social functions of the state, more friendly legal systems, a better living environment and more favourable conditions for doing business. The answer to this question is very complex and requires a multifactorial analysis.

A country's economy and the effects of its activities are, on the one hand, measurable, quantifiable and therefore comparable, while, on the other hand, they concern many areas of economic, social, political and environmental life, which only when combined together provide a fairly objective picture of reality.

Comparing only macroeconomic indicators, such as GDP, GNP, GNP, inflation, unemployment, public finance deficit, trade balance or other more detailed measures only allows one to analyse and interpret a selected element of the state of a country's economy, rather than describe the level of development and living conditions of its inhabitants in a holistic way. A broader view of the issues mentioned is therefore needed.

This publication therefore addresses a selection of what appear to be the most critical areas of international comparisons concerning - the level of development of economies, their innovativeness, the shape of social policy, the rate of demographic development and environmental requirements. It should be clearly emphasised that such an approach has its limitations.

First of all, it does not exhaust the topic of competitiveness, nor is it sufficiently precise. Within the scope of each of the listed economic and social fields, there are a number of very precise indicators that present dynamic and static processes in a detailed and quantifiable manner. In the publication, this coverage is rather general and subject to the accusation of superficiality.

The limitations of the topic also include a number of disparities in the level of development of individual EU countries (for example, expenditure on research and development), as well as clear differences in their social policies.

Therefore, the main objective of the publication is not to create a detailed report on competitiveness, but to identify areas of potential threats to the further development of EU countries' growth and maintenance of their international competitive position.

2. Literature Review

The literature on the competitiveness of national economies is relatively extensive and includes monographs and academic articles, as well as numerous international reports. Typically, selected micro- and macroeconomic indicators are analysed, but quality of life, labour, environment or environmental indicators are also increasingly taken into account.

Undoubtedly, multifaceted demographic analyses are also very important nowadays, according to the assumption that human potential determines the possibilities of economic development and the age structure of the population significantly influences the type and cost of social policy.

Undoubtedly the most up-to-date and comprehensive report addressing the problem of international competitiveness of EU countries worldwide is the report 'The future of European competitiveness. A competitiveness strategy for Europe', consisting of two parts - A and B.⁵

In the first of these parts, the authors identify the three most important areas for reinvigorating economic growth - improved innovation and increased R&D spending, a joint plan for decarbonisation and competitiveness, and better coordination of actions in strategic areas. Part B of the report includes detailed sectoral analyses and recommendations for further action to increase the competitiveness of the European Union as a whole.

The subject of international competitiveness, as mentioned earlier, is the subject of analyses carried out by various global organisations, whose main objective is to provide the most comprehensive and objective information on the level of development of economies and the quality of life of citizens. Although there is no single common methodology for these comparisons and various institutions develop their own standards and benchmarks, it is possible to attempt a certain typology of them (Velinov *et al.*, 2023; Cristea *et al.*, 2022).

There is a group of rankings, which include the Global Competitiveness Report published by the World Economic Forum (<https://www.weforum.org/>) and the World Competitiveness Yearbook published by the International Institute for Management Development (<https://www.imd.org/>), which base their comparisons primarily on an analysis of 'hard' micro and macroeconomic indicators.

In addition, they highlight the quality and efficiency of the state's institutions and the business environment including technological and financial infrastructure. The most up-to-date reports are Committed to improving the state of the World, Annual

⁵*The future of European competitiveness. A competitiveness strategy for Europe*", part A&B, September, 2024.

Report 2023-2024.⁶ Worl Economic Forum 2024, Worl Economic Forum 2024 and IMD World Competitiveness Yearbook 2024.

Apart from the above-mentioned typical reports on the international competitiveness of economies, other studies should also be mentioned, which, referring to social indicators or selected rules and regulations concerning the market and its participants, are also an excellent source of comparisons between countries and the efficiency of their economic and social systems.

The UNDP's Human Development Report does not aim to directly compare the level of competitiveness of countries, but is above all an invaluable source of knowledge on the level of development of society, the quality of life of its members and the ability to meet basic living needs.

The aim of the report is therefore not so much to define competitiveness, but to present areas of deprivation and the lack of effective instruments to prevent unfavourable social phenomena, such as poverty, deprivation, lack of access to education and medical care, gender inequality or the poor situation on the labour market (Noja *et al.*, 2021).

A synthetic measure to objectively compare these indicators is the HDI index⁷, but also many other more detailed and specialised indices, such as: Human Poverty Index (HPI), Global Multidimensional Poverty Index (GMPI) or Gender Empowerment Measure (GEM) (Global Multidimensional Poverty Index 2019. Illuminating Inequalities). The report quite precisely, based on the value of the HDI, classifies countries according to their level of human development into four groups: very high, high, medium and low levels of development. The most recent report is 'The 2023/2024 Human Development Report'.

⁶The WEF bases its assessments on 12 different thematic areas, defined as the main pillars to which it includes: institutions, infrastructure, ability to absorb the latest IT technologies, macroeconomic stability, medical care, education of the population, product market structure, labour market, financial system, total market size, business growth dynamics, innovation of the economy. The total number of 103 analysed indicators is aggregated into one common GCI (Global Competitiveness Index), which becomes the final criterion for the ranking list. In the 2019 report, 141 countries of the world were compared.

A competitive report, the World Competitiveness Yearbook, produced by the International Institute for Management Development, also pays particular attention to the macro- and micro-economic aspects of competitiveness, organising the relevant indicators into four main groups: economic development, management and business efficiency and infrastructure quality. Each group is assigned relevant criteria - 332 in total - and in turn the selected indicators correspond to them.

⁷HDI - The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

Another group of rankings of international competitiveness are reports on the efficiency of governance systems and the quality of legislation, which do not so much seek to compare relevant quantifiable indicators, but more arbitrarily award marks for the absence of barriers and the creation of conditions conducive to the development of business, the ease and freedom of which are equated with the highest level of economic efficiency.

These reports include the Doing Business report, produced annually by the World Bank, the Index of Economic Freedom, published by The Wall Street Journal and the Heritage Foundation, and the Corruption Perceptions Index, produced by Transparency International. The most recent of these reports are: 'Doing business 2020, Comparing Business in 190 Economies', "Corruption Perceptions Index 2023".

Technological rankings are another group of comparisons that significantly define competitiveness and above all relate to competitive ability. Among the most recognisable of these we can include, the Global Innovation Index or the IMD World Digital Competitiveness Ranking, although here the important criterion for comparison may already be R&D expenditure itself as a % of GDP. The most up-to-date ranking of the latter two is the IMD World Digital Competitiveness Ranking 2023, IMD World Competitiveness Center 2024.

The problem of international competitiveness of economies, in its various aspects, is also referred to in many current scientific publications. These concern the level of macroeconomic and microeconomic development, as well as quality of life and ways of doing business. As examples, we can cite titles such as: 'Study of The Interdependence Between Sustainable Development And Competitiveness' (Radu and Podașcă, 2014), "Competitiveness and Sustainable Development Goals" (Andreoni and Miola, 2016), Does competition explain growth in OECD and BRICS countries? (Tahir and Tahir, 2018), or books, examples such as Global Competitiveness of Regions (Huggins, 2016).

Of course, the literature covered does not cover the whole topic. There are many other regional or country-specific studies in the literature. As an example, we can cite the increasingly popular studies on emerging markets, such as "Emerging Markets: Prospects and Challenges" (Gudmundsson, 2022).

3. Research Methodology

Five key aspects of the international competitiveness of the economies comprising, the rate of economic development and per capita income, research and development spending and the climate conducive to this development, the level of human development, demographic dynamics and structure, and selected environmental indicators and programmes, are at the centre of the research consideration.

Due to the comprehensive approach to the aforementioned issues, each of which is of a very broad scientific, methodological and research nature, the publication does not include a detailed analysis of competitiveness in selected aspects, but only a highlighting of the processes taking place in EU countries against the background of other world economies.

The formulated hypothesis assumes that the highly developed Western countries, represented in the publication by the EU countries, are losing their position as world leaders and are clearly signalling problems in maintaining a high rate of economic development under conditions of strong international competition.

Measuring and analysing the competitiveness of economies usually involves a combination of quantitative, statistical and qualitative methods. These methods usually help to assess the competitive position and capacity of countries in a given period, as well as in the projected future.

This paper uses a descriptive methodology, supplemented by statistical information and, as mentioned earlier, a selection of relevant indicators for five main areas of analysis - economic growth, innovation, human development, demographics and environmental indicators.

The basic indicator relating to economic processes is the dynamics of change in the value of GDP in real prices over a certain period of time. This indicator is part of the so-called System of National Accounts, which is generally accepted and used as a benchmark for economic development. The advantage of this indicator is undoubtedly that it is widely used and has a harmonised methodology for its quantification at international level. It should also be noted that GDP is generally used as a benchmark when presenting other economic policy outcomes, e.g., innovation, comprehensiveness of social policies or similar contributory state actions.

With regard to demographic comparisons, the key analytical factor is the dynamics of demographic growth and the fertility rate, i.e. the number of births per woman of childbearing age. In the article presented here, environmental issues are presented in a descriptive manner, without a detailed value analysis. The problem was signalled in terms of the disproportionately rising costs of environmental policy, which are limiting the competitive capacity of EU countries.

4. Research Results and Discussion

As previously mentioned, five different economic and social aspects of the development of the European Union as a whole, which play a key role in shaping the grouping's role and position in the world, are considered in this publication. These aspects are economic development, innovation, social policy, demography and environmental protection.

Economic development, in a quantifiable way, is measured by the growth rate of GDP in real prices, which is of course the basic macroeconomic parameter for international comparisons. However, it appears that economic growth is linked to a number of other integral processes that ultimately determine the level of wealth and well-being of selected societies.

The EU countries, undoubtedly, have a number of achievements in this area including, above all, a high standard of living and well-being for their populations, but this now appears to be starting to come at the expense of their competitiveness. A comparison presented by the International Monetary Fund shows a clear percentage decline in the share of EU countries in world GDP (Table 1).

Table 1. *Share of global GDP (PPPs) in chosen years - 2016, 2023, 2050**

Country/region	Share in global GDP (%)		
	2016	2023	2050
EU 27	15	14,4	9,0
USA	16	14,9	12,0
China	18	19,0	20,0
India	7	8,2	15,0

Note: * IMF prediction.

Source: PWC analysis to 2050, IMF 2016; 2024,

<https://www.imf.org/external/datamapper/PPPSH@WEO/WEOWORLD/CHN/EU/USA>.

The authors of the report ‘The Future of European competitiveness’ (Draghi, 2024) emphasise in the introduction to the aforementioned publication that ‘Europe has been worrying about slowing growth since the start of this century. Various strategies to raise growth rates have come and gone, but the trend has remained unchanged.’ This means that, despite many attempts and different approaches, Europe, as a community of countries, is failing to maintain a growth rate and comparable to the leading emerging economies.

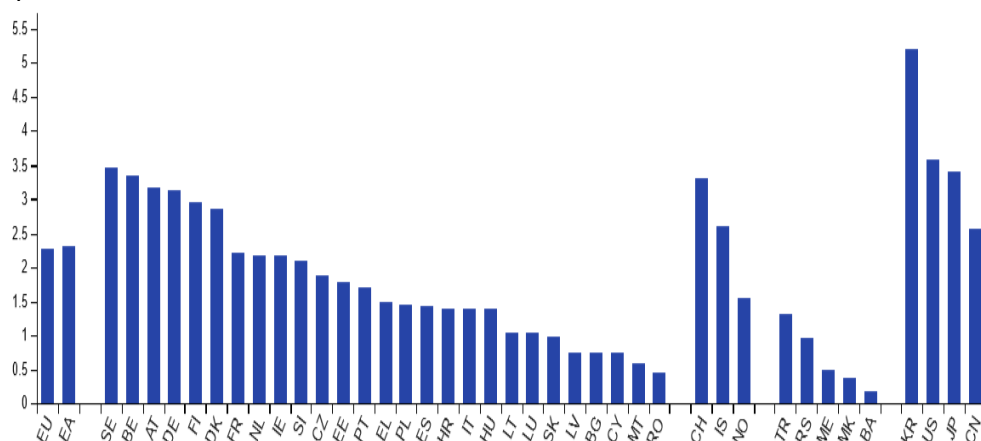
This is all the more important as countries' economic growth and international competitiveness are closely linked. Success on the international stage depends on the ability to create innovation, invest in education and infrastructure and maintain stable and transparent institutions.

In the long term, it will be crucial for EU countries to maintain their economic growth rates and to invest in innovation, new technologies and development. At present, it seems that in this area, i.e. innovation, the Community as a whole as well as its individual Member States have a great deal to do.

Spending on research and development (R&D) is an important indicator of the technological sophistication and innovation of countries. Differences in the level of R&D investment between countries are crucial for their competitiveness and economic development. Using the detailed data presented in the ‘Key Figures On

Europe 2024 Edition' report presented in Figure 1, we note that EU countries are significantly lagging behind the global leaders in global innovation.

Figure 1. Research and development expenditure as % of GDP in selected countries of the world



Source: Key Figures on Europe 2024 Edition, European Union, Eurostat Statistics Explained, 2024 <https://ec.europa.eu/eurostat/web/products-key-figures/w/ks-ei-24-001>.

In 2022, the average R&D expenditure in EU countries was around 2.3 per cent of GDP, a figure that was relatively far from the EU's strategic target (Lisbon Strategy) of 3 per cent. Achieving this target remains a challenge for most member states. Leaders in terms of R&D spending include EU countries such as Sweden, Austria, Germany and Denmark which spent 3.5, 3.2, 3.1 and 2.9% of GDP respectively in 2022.

In contrast, the outsiders in this ranking were countries such as Romania, Bulgaria, Latvia and Malta, which spent 0.5, 0.8, 0.7 and 0.9% of GDP respectively. In comparison, the group of world leaders and at the same time the world's leading economies in terms of innovation includes countries such as Israel spending 5.4% of GDP, South Korea, the United States, China and Japan with values of 4.8, 3.4, 2.4 and 3.2 respectively.

In recent years, most countries have been increasing their R&D spending in response to increasing technological competition and the need to innovate, especially in the areas of digital and energy transformation. In countries such as the US, Japan, South Korea and Israel, a significant proportion of R&D spending is covered by the private sector, while in the EU R&D funding has more public support.

Key growth sectors are artificial intelligence, big data, green technologies and medicine, as can be seen in the structure of spending in highly developed countries. In conclusion, it should be emphasised that investing in R&D is a priority for the

most developed economies, which see R&D as a key element of competitiveness. The increase in R&D spending is evident not only in Europe, but also in Asian and American countries, suggesting further technological developments and possible changes in the global balance of economic power.

Undoubtedly, one of the most topical challenges in the economic development of highly developed countries is social policy. EU countries as a whole, while taking into account differences in national social policies, undoubtedly represent the highest standards in terms of building a modern welfare state model.

Generous social benefits paid from birth to death, free universal access to education, health care and work activation programmes, support in raising offspring and caring for the elderly are only selected examples of the extensive social policy standards of EU countries.. Such well-developed social functions of the state, on the one hand, should be assessed as a spectacular achievement in global economic and social development, and on the other hand, a heavy burden on public finances, significantly limiting competitive opportunities in global markets (Figure 2).

Average spending in the EU countries analysed in 2022 was 27.2 per cent, down on 2021, when it was 28.7 per cent. Despite the slight year-on-year decrease, one should note that they were significantly higher than in non-EU countries.

Using OECD data⁸, we can provide values for total social policy spending as a % of GDP, which in the comparable year 2022 were respectively: OECD 21.1, USA 22.7, Japan 24.9, UK 22.1, Australia 20.5, New Zealand 20.8, Turkey 12.7, Mexico 7.4. For Chi and India, the values were 10% and 4% respectively in 2019⁹.

Putting all the values presented together, we can try to formulate a hypothesis that social policy spending in EU countries is among the highest in the world and potentially significantly limits the competitiveness of these countries globally.

This type of thesis is of course not precise enough without in-depth research - as it does not take into account the many benefits of high levels of state welfare for its citizens - but it does point to the potentially negative impact of high spending on the ability to build competitive, labour market-supported economic systems.

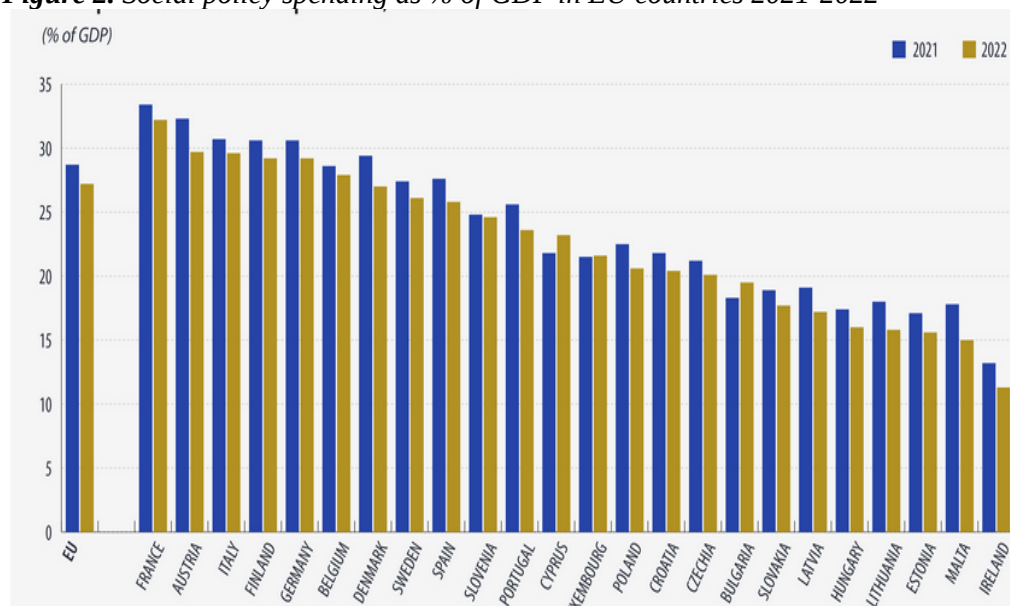
Complementing these considerations is undoubtedly an analysis of the demographic situation, the rate of population growth and their detailed age structure. Citing UN projections (World Population Prospects, 2024), we can see that the world's population will continue to grow over the next 50 or 60 years, reaching a peak of around 10.3 billion people in the mid-1980s, up from 8.2 billion in 2024. After the

⁸<https://web-archieve.oecd.org/temp/2024-06-24/63248-expenditure.htm>

⁹OECD 2022.

peak, the world's population is projected to begin a gradual decline, falling to 10.2 billion people at the end of the century.

Figure 2. Social policy spending as % of GDP in EU countries 2021-2022



Source: Eurostat 2024

<https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20231114-3>

However, it is important to note that global population growth is not happening in a proportional way - some countries and regions are depopulating, while others are steadily growing.

Table 2. Population of selected regions of the world in years

Region	Population			
	2019	2030	2050	2100
World	9,1	11,7	15,9	22,6
Sub-Saharan Africa	3,0	3,3	4,8	13,0
Norther and Western Africa	5,7	7,6	12,7	22,4
Central and Southern Asia	6,0	8,0	13,1	25,7
Eastern and South-Eastern Asia	11,2	15,8	23,7	30,4
Latin America	8,7	12,0	19,0	31,3
Europe and Northern America	18,0	22,1	26,1	29,3

Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019.

Referring to the forecasts presented in Table 2, we see the most dynamic growth in emerging countries - mainly in Asia and developing countries from the African region. In traditionally highly developed countries - Western Europe and North America - the growth is much less dynamic. In addition to the UN's World Population Prospects (2024), we can also see the problem of ageing societies, where the ratio of people of working age to people of retirement age is clearly shifting in favour of the latter (Table 3).

For example, the proportion of people over 65 in the population is estimated to be around 18.0% in European countries, in 2025 it will reach 26.1%, and in 2100, around 30% of the population will be of non-productive age. This process, referred to as the 'ageing population', means a decline in the activity of the productive potential in the above-mentioned group of countries, which already now and in the future will intensely affect their competitiveness.¹⁰

Table 3. *Percentage of people over 65 years of age in the total population*

Region	Population			
	2019	2030	2050	2100
World	9,1	11,7	15,9	22,6
Sub-Saharan Africa	3,0	3,3	4,8	13,0
Norther and Western Africa	5,7	7,6	12,7	22,4
Central and Southern Asia	6,0	8,0	13,1	25,7
Eastern and South-Eastern Asia	11,2	15,8	23,7	30,4
Latin America	8,7	12,0	19,0	31,3
Europe and Northern America	18,0	22,1	26,1	29,3

Source: *United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019.*

EU countries are very deeply committed to standards for the protection of the environment and the quality of life of their citizens. Environmental protection in the countries of the European Union, especially the ambitious climate targets and pro-ecological regulations, on the one hand translate into the comfort and quality of life of its citizens on the other hand and have an impact on the international competitiveness of European economies.

The EU, by implementing policies such as the European Green Deal, the Fit for 55¹¹ package and the circular economy strategy, seeks to reduce greenhouse gas emissions and environmental protection, which affects production costs and forces

¹⁰For more on this topic, see *World Population Ageing, UN 2023.*

¹¹The Fit for 55 programme aims to reduce the EU's greenhouse gas emissions to 55 per cent below 1990 levels in 2030, with a target of net zero emissions by 2050.

the need to use modern technologies, and thus creates more difficult conditions to compete with companies from other parts of the world, especially from Asian countries, which do not accept such standards. The European Union, as Table 4 shows, is responsible for about 6.1% of global greenhouse gas emissions. The countries in the top three, the largest emitters of these greenhouse gases, are China, the United States and India.

The European Union, a community of 27 countries, is in fourth place, while Germany is the largest emitter in this group. Analyzing the changes in gas emissions in 2023, we note that while the EU countries, the United States and Japan, effectively reduced their emissions, by 1.4%, 7.5% and 6.0%, respectively, emerging countries, China and India, responsible for the largest production of greenhouse gases in 2023, increased their emissions, by 5.2% and 6.1% respectively.

It seems that a situation in which some countries challenge the use of expensive and less competitive production technologies that are environmentally friendly and reduce greenhouse gas emissions, while others focus on efficiency at the expense of environmental standards, distorts the level playing field.

Table 4. 2023 GHG emissions, shares in 2023 global emissions

	Country	2023 Emissions (MtCO ₂ -eq)	Share in global emission	2023 percentage change (%)
	Global	52962.9		1,9
1.	China	15944.0	30,1	5,2
2.	United States	5960.8	11,3	-1,4
3.	India	4133.6	7,8	6,1
4.	EU27	3221.8	6,1	-7,5
5.	Russia	2672.0	5,0	1,9
6.	Brazil	1300.2	2,5	0,1
7.	Indonesia	1200.2	2,3	4,1
8.	Japan	1041.0	2,0	-6,0
9.	Iran	996.8	1,9	3,8
10.	Saudi Arabia	996.8	1,5	2,3

Source: Joint Research Centre (JRC), the European Commission's science and knowledge service., *Ghg Emissions Of All World Countries Report, 2024*
https://edgar.jrc.ec.europa.eu/report_2024#data_download

Another example of regulations affecting the competitiveness of EU countries' economies in terms of environmental protection may be regulations limiting the use of single-use plastics, pesticides or chemicals that affect the operating costs of many industries. Compared to countries with softer standards, European companies may be less competitive in terms of price in international markets. Therefore, environmental issues are one of the most important contemporary challenges for EU countries.

5. Conclusions

The issue of the competitiveness of the EU as a community, as well as of its individual member states, seems to be a topical issue as never before. The intensifying technological race, the increasing competitiveness of new global players and the creation of strong alternative political and economic alliances, such as the BRICS group, have placed the EU countries in the third decade of the 21st century under strong international pressure to maintain their political, economic and technological primacy in the world. To sum up the considerations contained in the publication, we can draw the following conclusions:

1. The competitiveness of European Union countries in the global economy is shaped by a combination of different factors, such as the level of economic development, social and demographic factors, innovation, environmental and climate policy.
2. There are large differences in competitiveness between Member States due to different economic structures, political stability, R&D expenditure and regional challenges.
3. Although the EU is widely recognized as a group of the world's most advanced economies, it is under intense pressure from developed economies such as the United States, Japan and South Korea, as well as emerging markets, especially the BRICS countries.
4. As various forecasts indicate, the coming years and decades will bring a number of economic, social and environmental challenges that EU countries will have to face in order to maintain their international competitiveness and not lose their current leadership position in the world economy.
5. These key challenges can include: rapid technological and IT progress in other regions of the world, including the development of artificial intelligence, increasing public spending, neutralizing the negative effects of degressive demographic processes, high costs of developing friendly energy and industrial technologies.

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