



Is the European Union doing enough to remain competitive against the United States and China?

Dr David Rees. March 2026

Different systems

The EU

- The EU uses a neo-liberal competition model and avoids monopolies (an interesting counter-example is ESA and Airbus). The EU 'plays by the rules', and uses the WTO to resolve trade conflicts.
- The EU is highly democratic with 27 nations with different goals, economies and objectives. It is slow!
- The EU has de-industrialised but is now trying to catch up.
- The EU's Achilles heel(s) is rare earths and fossil fuels making us dependent on China and oil-producing countries.

Different systems

China

- China has massive labour-cost advantages and above all a long-term, government-led industrial strategy.
- The Chinese government owns / controls much of the production, and is happy to use 'dumping' to control market share (e.g. Solar panels)
- China's massive Balance of Trade surplus gives it the resources for massive investment (1.4 trillion \$ so far for the Belt and Road Initiative (BRI))

Different systems

The USA

- The USA uses its private financial power for innovation and R&D
- The USA is an imperialist state that uses its military and financial muscle to buy or overthrow countries it needs.
- The USA uses sanctions and tariffs to control trade
- The USA controls our digital banking system and communications systems.

Comparative data

Annual venture capital investment:

Region	Venture capital per year
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 US	~\$170–200B
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 China	~\$70–90B
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 EU	~\$50–60B
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Comparative Data

Here are the **approximate R&D expenditure levels as a share of GDP** for the three major economic blocs (latest available data around 2023–2024):

Bloc	R&D spending (% of GDP)	Notes
 United States	~3.4–3.6%	Highest among the three; heavily driven by private tech companies and venture capital. Visual Capitalist +1
 China	~2.6–2.7%	Rapidly increasing; strong state support and industrial policy. State Council of ... +1
 European Union (EU-27)	~2.2–2.24%	Below its own long-standing 3% target . European ... +1

Source - ChatGPT

My Opinion

- The EU has serious intrinsic structural weaknesses
 - Decision making with 27 members
 - Incomplete fiscal and macroeconomic harmonisation
 - Obsession (German-based) with deficit and debt instead of investment and long-term strategy
 - High level of R&D with poor industrial follow-up
 - Lack of protectionism
 - Lack of investment in EU-based industrial production (remember ESA and Airbus!)

My / your answers to the question

Is the European Union doing enough to remain competitive against the United States and China?