NETWORK OF EUROPEAN METROPOLITAN REGIONS AND AREAS (METREX)

Helsinki
06.15.2026

METREX White Paper

On Enhancing the Competitiveness and Dynamism of EU Metropolitan Areas

1. Why Metropolitan Areas are critical for EU's competitiveness

Competitiveness has firmly re-emerged as a central direction of the EU. The Draghi Report[1] underscores the fact that the EU is falling behind in global competitiveness, with the economic gap widening between the EU and the US, and China quickly catching up. The report also highlights the geo-political and geo-economic risks that Europe is facing, affecting its position in key supply chains and technologies. However, defining Europe's trajectory through the angle of economic competitiveness offers only a partial understanding of the challenge. Today, Europe is one of the most livable regions in the world, supported by strong welfare systems that have mitigated the rise in inequality observed elsewhere. The implications of a decline in competitiveness threaten not only the EU's economic growth prospects, but also its capacity to maintain strategic autonomy and protect the European way of life.

Competitiveness should not be treated as an end in itself, but as a means to defend and renew Europe's own model, firmly rooted in sustainability, democracy, cohesion and the social market economy. The EU should therefore avoid emulating the US or Chinese models, and build an **inherently European competitiveness model** that strengthens strategic autonomy while preserving the quality of life, social rights and democratic values that make Europe distinctive and delivers on its ambitious climate agenda. To achieve strategic autonomy, achieving the competitiveness goal relies on recreating value chains at EU level, between its leading metropolitan areas.

At the same time, competitiveness has an inherent territorial dimension, requiring enabling conditions in EU's metropolitan areas. The case for a stronger metropolitan role is grounded in their practical mandates and potential for coordination in areas such as territorial and metropolitan planning, mobility and sustainable transport, investment attraction, energy and clean industries, research and innovation, green public procurement, social infrastructure and quality of life. They are therefore not external observers of Europe's competitiveness challenge, but the level of governance where many of the required transitions must be organised and delivered.

However, the central role of Metropolitan Areas in the transformation of regional and national economies and the delivery of the competitiveness agenda is currently overlooked. Industrial production and innovation usually happen in metropolitan areas, and the *Rethinking Lagging Regions*[2] report prepared by the World Bank indicates that the EU's highest performing regions typically either contain one or more strong and dynamic metropolitan areas within their borders, or share a border with a metropolitan area. While it is within Europe's metropolitan regions that innovation systems, industrial clusters, infrastructure, and skilled labor intersect, their *de facto* role in enabling competitiveness is currently overlooked. Stemming from the fields of action proposed in the Draghi Report, the Competitiveness Compass put forward a comprehensive framework of "Competitive enablers", with policy

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[1] https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en

[2] Farole, Thomas; Goga, Soraya; Ionescu-Heroiu, Marcel, *Rethinking lagging regions : using cohesion policy to deliver on the potential of Europe's regions (Vol. 2 of 2): Full report (English)*. Washington, D.C.: World Bank Group, available at: http://documents.worldbank.org/curated/en/457071525400247519

responses structured across three pillars: closing the innovation gap, advancing decarbonization, and reducing dependencies while enhancing security. However, both documents are silent on the territorial dimension and the central role of Metropolitan Areas in driving economic performance. At a moment when Europe must reinvent itself to protect its freedom, prosperity, and way of life, Metropolitan Areas should be placed in the driving seat of this transformation, as co-designers and delivery partners in the European industrial, innovation and territorial agenda.

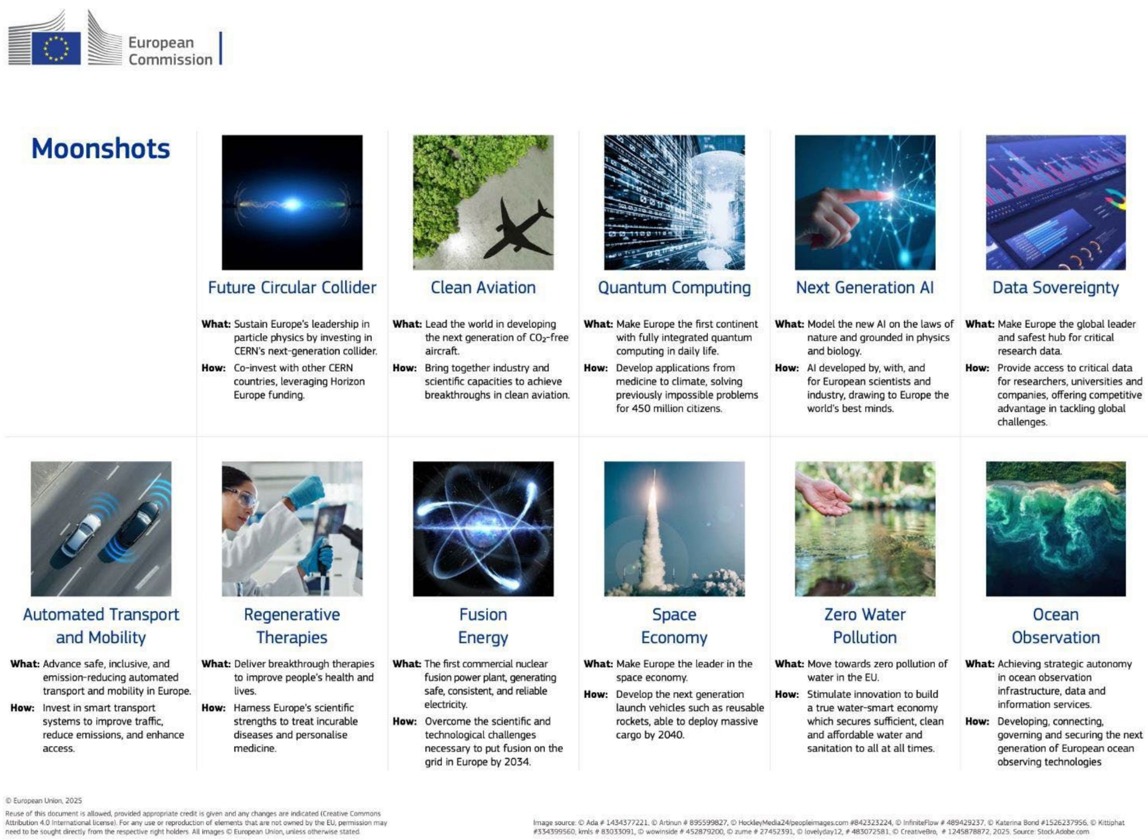
This territorial blind spot is also relevant for the recently launched European Agenda for Cities and for the next Multi-Annual Financing Framework. A stronger metropolitan / functional area lens would help to better leverage their economic weight to support positive spillovers to the rest of the territory, and design tailored investments for other functional geographies. Understanding the contribution of the FUAs to economic production, as engines for transforming regional and national economies, as well as the functional linkages outside large FUAs provides a necessary foundation for a more effective targeting of funding in the 2027+ period.

Figure 1. The 3 pillars and 47 flagship actions of the Competitiveness Compass

Source: European Commission

In addition, the new Horizon Europe 2028-2034, in close coordination with the European Competitiveness Fund, is envisaged to support the development of European "moonshot projects". These projects would be designed to move beyond research alone, creating a pathway from scientific discovery to demonstration, industrial scale-up and real-world deployment. They would be backed by pooled resources from EU instruments, including Horizon Europe and the European Competitiveness Fund, as well as national, public and private sources. Designed to position Europe as a global leader in strategic fields, these moonshot projects would drive progress in areas such as: the future circular collider, clean aviation, quantum computing, next-generation AI, data sovereignty, automated transport and mobility, regenerative therapies, fusion energy, space economy, zero water pollution and ocean observation.

Figure 2. Moonshot areas within the next Horizon Europe Programme



Source: European Commission

The proposal of moonshot projects underlines that a mission-driven approach is needed to deliver the EU's own competitiveness model, which aims to strengthen strategic autonomy while preserving the quality of life, social rights and democratic values that make Europe distinctive and advancing its ambitious climate objectives. The Draghi report identifies the fact that "Europe is lacking focus" as a fundamental barrier. Despite articulating common objectives, Europe struggles with translating these into clear priorities and joined-up policy actions. As economist Mariana Mazzucato, the leading advocate of the mission-oriented approach has argued, missions should start from **clearly defined societal challenges and public-value goals**, then identify the technologies, sectors, investment tools and governance arrangements required to address them, while mobilizing the full potential of science, technology, and industrial ecosystems for innovation and engaging a wide range of stakeholders.

Recognizing metropolitan areas as main delivery partners for competitiveness, this paper proposes an EU Metropolitan Competitiveness Mission. Rather than spreading resources thinly, the EU must prioritize places and sectors where innovation and industrial transformation can achieve the highest impact. A mission-based approach to metropolitan development offers precisely such a framework. It would enable and incentivize metropolitan areas to sharpen their economic and technological profiles and work in complementarity rather than competition. Replacing city-to-city competition with structured metropolitan collaboration (across administrative and national borders) would also strengthen territorial cohesion and the diffusion of development benefits across the EU. Moreover, it would allow them to define long-term development directions that provide predictability for investors while advancing EU's overarching objectives.

Within the Multiannual Financial Framework, developing an EU Metropolitan Competitiveness Mission would offer the framework for the EU to efficiently deliver the objectives of the European Competitiveness Fund and Horizon Europe (10th Framework Programme), in alignment with the National and Regional Partnership Plans. . Involving metropolitan areas in the process of the design, alignment between funding programmes and delivery, as opposed to engaging them merely as operational implementers is fully in line with the partnership principle of the European Code of Conduct on Partnership, and the need for horizontal integration of the multi-level governance, as also reinforced by the European Parliament in its draft report on the NRRP Regulation. Moreover, in the Draft Report on the Proposal for Regulation establishing the European Competitiveness Fund (ECF), the Parliament proposes an amendment to include "consortia anchored in urban innovation ecosystems and involving local and regional authorities as testing, procurement or deployment partners, leveraging on their role as innovation and export drivers to strengthen their global competitive position along with their European SME suppliers through investments in new solutions and identification of relevant partners"[3]. Along with cities and regions, metropolitan area associations should be involved directly in such consortia and supported to ensure sufficient capacity for coordination.

An EU Metropolitan Competitiveness Mission should not only support high-tech sectors, but also include thematic areas that are directly actionable by metropolitan authorities. These include housing regeneration, talent attraction and integration, circular economy markets, nature restoration, metropolitan data systems, sustainable urban development, food systems, preparedness and external cooperation, effectively matching the mandates, capacities and public-value responsibilities of metropolitan areas.

Finally, an EU Metropolitan Competitiveness Mission will only gain traction if it is translated into a concrete implementation mechanism, building on the mandates and existing governance systems. This requires EU-level coordination, an agreed set of mission challenges and goals, structured dialogue with metropolitan areas, clear delivery responsibilities, robust territorial data collection, dedicated funding streams, setting up inter-metropolitan learning networks and scale-up strategy. Coordinating efforts to support long-term public goals is needed, and existing experience in implementing the EU Missions under the Horizon programme can inform the design of a mission for EU competitiveness.

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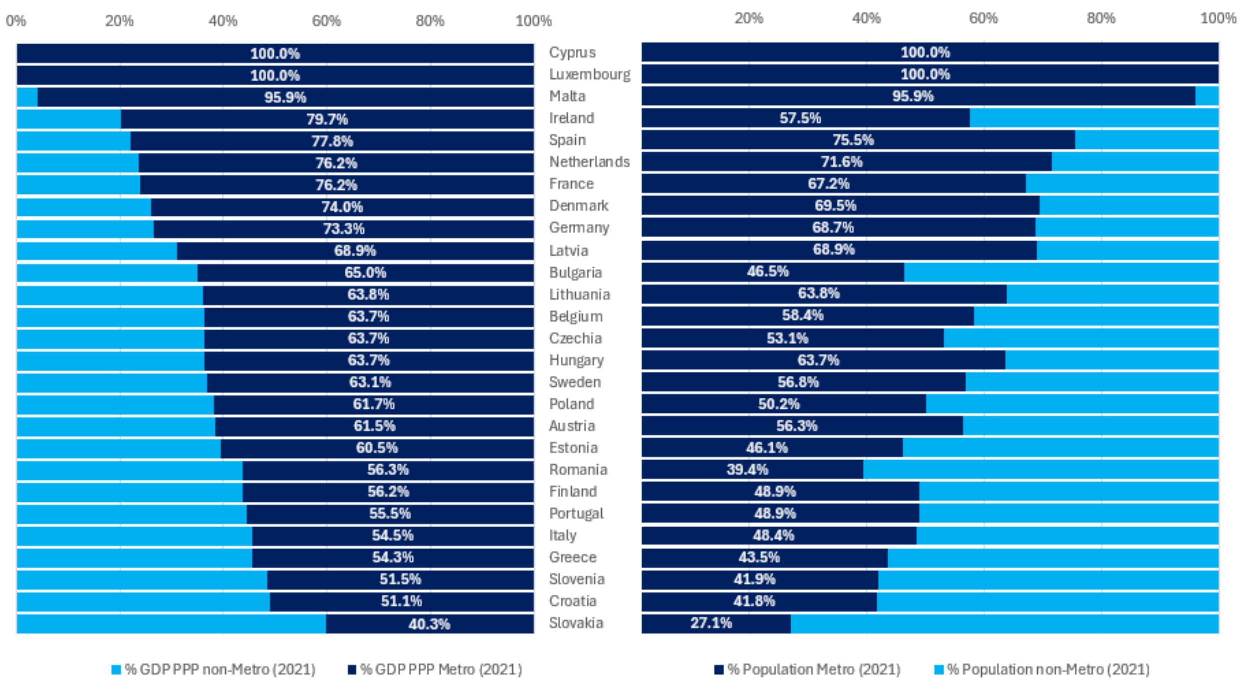
[3] https://www.europarl.europa.eu/doceo/document/ITRE-AM-788898_EN.pdf

1.1. Metropolitan Areas are the economic engines of the EU

The EU does need to reinvent itself, as the Draghi Report suggests, but it will not manage to do so without the mobilization of its main metropolitan areas. Albeit imperfect, EuroStat data indicates that in every EU country, with the exception of Slovakia, metropolitan areas generate more than 50% of their respective country's GDP, and in all cases metropolitan areas punch above their weight – i.e. they generate a higher share of their respective country's GDP (PPP) than their population share in the national population. In Ireland, metropolitan areas generate 79.7% of national GDP (PPP), corresponding to a population share of only 57.5%, while Slovakia scores 40.3%, corresponding to a mere 27% share of the functional urban area population in the total population. This trend is consistent across most countries listed, highlighting the economic power of functional urban areas.

Figure 3. Performance of EU metropolitan areas



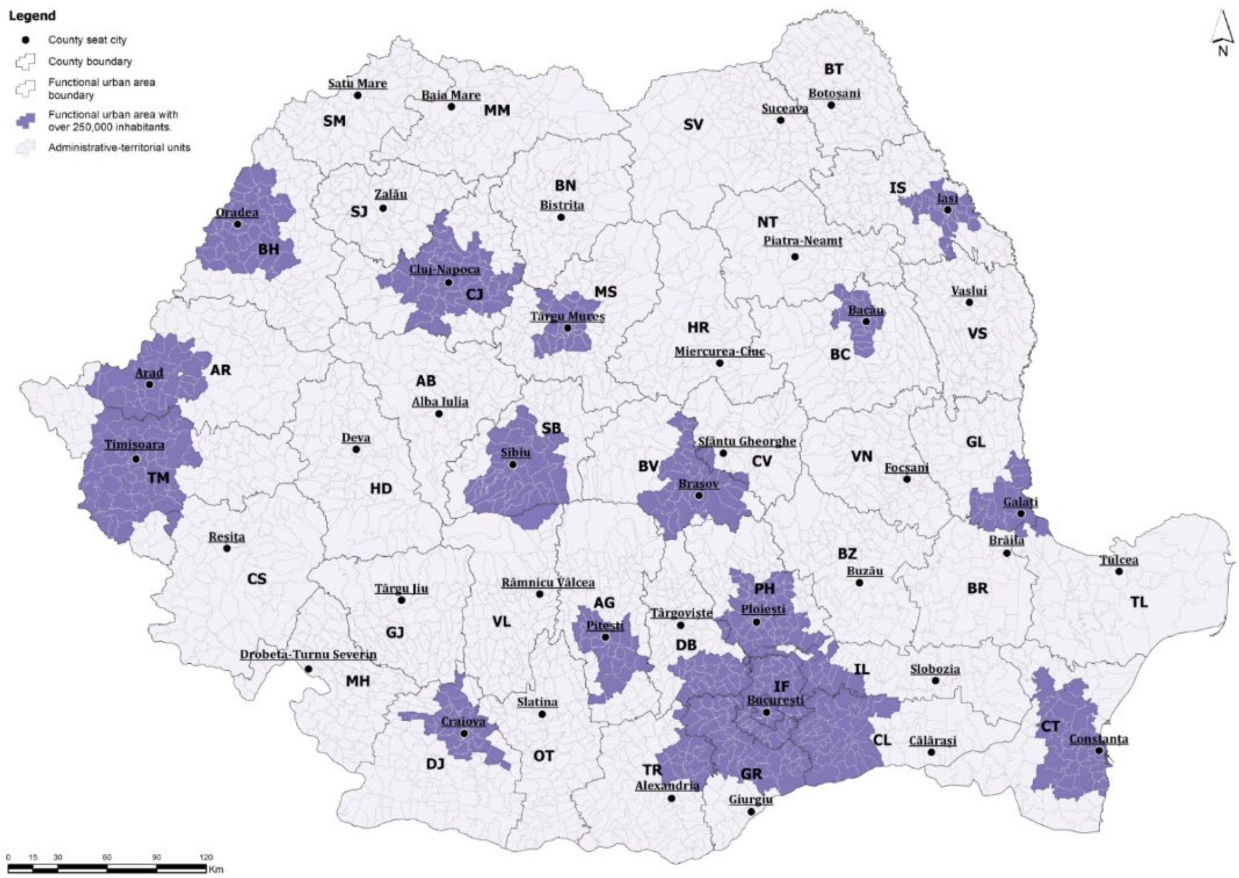
Source: EuroStat

It is important to note here that the methodology used by EuroStat to identify metropolitan areas[4] focuses on NUTS-3 approximations of functional urban areas (FUAs) with at least 250,000 inhabitants (see map in *Annex 1*). However, when disaggregated calculations are carried out at the level of individual EU Member States, the figures vary significantly. For instance, the map below highlights Romanian FUAs with

[4] The methodology and a map with the metropolitan areas can be consulted here: https://ec.europa.eu/eurostat/web/metropolitan-regions/methodology

populations exceeding 250,000 people[5], identified in accordance with the EU-OECD methodology[6], which relies on commuter flows. These 15 FUAs amass 40% of the total population and generate 63% of the country's GDP. A more precise territorial delineation (where only FUA boundaries are considered rather than entire NUTS-3/county areas) further demonstrates that productivity levels rise as one approaches the core of a FUA. Expanding the scope to include all Romanian FUAs, irrespective of size, shows that they cover 50% of the country's territory, concentrate 75% of its population, and produce 98% of national GDP. Comparable patterns can be observed across other EU Member States.

Figure 4. Functional Urban Areas in Romania with more than 250,000 people



Source: World Bank

Metropolitan areas have been and will continue to be the vehicles for the transformation of regional and national economies. Their demographic concentration and economic diversity create conditions for higher productivity, innovation, and cross-sectoral collaboration, with positive spillover effects from urban centers to their hinterland. The mechanisms which drive this economic transformation are outlined below:

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[5] Compare it with the map in Annex 1.

[6] https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/12/the-eu-oecd-definition-of-a-functional-urban-area_cef4a128/d58cb34d-en.pdf

- **Higher productivity**. Their population density enables more dense, dynamic, and inter-connected economic ecosystems, which ultimately drive higher productivity levels.
- **Innovation**. Population density also facilitates the establishment, maintenance, and expansion of university and research and development centers. As a result, they generate an overwhelming share of innovations and disruptive ideas.
- **Cross-pollination**. Often, disruptive ideas emerge from interactions between experts from different sectors and metropolitan areas are particularly conducive to such exchanges, as they accommodate a larger set of economic sectors.
- **Lifting the hinterland**. An analysis of developing countries clearly indicates that development radiates from dynamic urban centers to their rural or small-urban hinterland. **While this diffusion can occur organically, it can be significantly accelerated, and the territorial reach can be significantly widened if the proper metropolitan approaches are put in place.**

Recent metropolitan evidence and policy references reinforce this argument, including the Common Metropolitan Vision[7] developed through the MECOG-CE project, and adopted by a Partnership formed by the City of Brno, the Metropolitan City of Turin, the Stuttgart Region Association, the City of Ostrava, the City of Warsaw, and the Joint Spatial Planning Department Berlin-Brandenburg. The paper highlights that 60% of EU inhabitants live in metropolitan regions and areas, and 70% of EU GDP is produced in metropolitan areas and regions. The Common Metropolitan Vision is structured around three dimensions: a shared vision for the future of metropolitan area, positioning them as the real geography of everyday life, where living, working, studying, mobility, housing, services and leisure are increasingly organised beyond municipal boundaries; the strengths and commitments of metropolitan actors as economic engines, source of solutions to societal challenges and cooperation and integrated planning frameworks; and metropolitan empowerment, requiring addressing the competences and funding gaps that limit their potential for addressing regional and global societal challenges.

Metropolitan governance is no longer a technical planning question, but a strategic condition for Europe's competitiveness, resilience and cohesion. The Common Metropolitan Vision underlines that metropolitan potential cannot be fully realised without empowerment. Metropolitan cooperation requires stronger recognition in European and national policies, clearer institutional frameworks, adequate competences and funding, data-driven policy capacity and stronger mechanisms for coordination between municipalities, citizens, businesses, public bodies and higher levels of government. In terms of funding, the paper calls for securing metropolitan funds, ensuring sufficient budget allocation, maintaining stability of resources, and allowing flexibility in their disposition. Strengthening metropolitan capacity is therefore a precondition for delivering European priorities more effectively, from competitiveness and cohesion to climate resilience, strategic autonomy and quality of life.

At the same time, the economic strength of metropolitan areas must be understood against the structural constraints of the broader European economy. Metropolitan areas are Europe's main engines of production, innovation and talent concentration, but they also reflect the macro-level weaknesses that currently limit the EU's competitiveness: a strong dependence on a limited number of established export

[7] MECOG-CE project, Common Metropolitan Vision, available at: https://www.interreg-central.eu/wp-content/uploads/2025/03/Common-Metropolitan-Vision_full-version-2025.pdf

sectors, a weaker capacity to generate and scale disruptive innovation, fragmented financial markets that constrain the commercialisation of European ideas, and insufficient financial literacy to channel private savings towards productive investment. These challenges are briefly outlined below.

2. What are some of the economic challenges faced by Metropolitan Areas in the EU?

Metropolitan Areas mirror the structural weaknesses of the broader EU economy, which lie in its heavy reliance on three major sectors, which together account for more than 80% of EU exports[8]. To a large extent, these three sectors also dominate the local economies of EU's metropolitan areas[9], and they are responsible for some of the challenges that the EU economy is facing:

- **Transport** – e.g. the production of automobiles, planes, trains, buses, trams, and components.
- **Chemicals** – e.g. the production of pharmaceuticals, fertilizers, soaps, detergents, beauty products.
- **Electronics and electrical equipment** – e.g. TVs, toasters, computers, cable, integrated circuits, turbines, hair trimmers.

Europe has specialized in sectors where innovation is often marginal and has a culture less conducive to disruptive innovation compared to the US. The World Bank's *Golden Growth* report indicates that Europe has specialized in economic sectors where innovation is marginal (e.g., a slightly more efficient engine on a car), and its culture does not always favour disruptive innovations (e.g., compared to the US, there is a significantly lower number of unicorns with young founders). The most successful companies in the EU include luxury goods companies (e.g. LVMH, Hermes, L'Oreal), companies that have managed to embed themselves in global high-value chains (e.g., ASML, which has a monopoly on lithographic machines for producing microchips), or companies that benefit from global oligopolies (e.g., Airbus).

For the most part, even when Europe manages to generate disruptive innovations, it is less astute at monetizing these innovations due to the fragmentation of its financial markets. A notable example is the World Wide Web, which was first created at the CERN center in Switzerland. Despite this breakthrough, it was predominantly US companies that succeeded in building large-scale enterprises around this technology. Europe's failure to monetize some of its innovations is, to a considerable degree, linked to the fragmentation of its financial markets, as the *Draghi Report* indicates. It is relatively difficult for people in individual EU countries to invest in companies from other EU countries. This hinders capital from being directed toward European companies, with a growing number of innovative European companies opting to list themselves directly on US stock exchanges (e.g., Spotify or UiPath, listed on the New York Stock Exchange), or to leverage the US market to sustain their growth (e.g., Novo Nordisk). Notably, there are no EU companies in the global top-30 companies with the largest market capitalization, and there are only 8 EU companies in the top-100 companies globally (as opposed to 60 companies from the US and 12 from China).

[8] See: https://oec.world/en

[9] See: https://metroverse.hks.harvard.edu/high-value

Moreover, financial education is also relatively low across Europe, further limiting capital flows to dynamic and innovative companies. According to the 2023 Eurobarometer on financial literacy in the EU, only 18% of EU citizens have a high level of financial literacy, while 64% have a medium level and 18% a low level, with wide variations across Member States. This constrains Europe's capacity to channel household savings into productive investment, limiting the flow of capital available for innovation and strategic industries. Generally, the countries with a more robust financial education and with more proactive financial policies (e.g., Sweden or the Netherlands) tend to also have more dynamic and innovative companies and economies. The Netherlands laid the foundations for modern equity finance and launched the world's first modern stock exchange. Now, it is time for the EU as a whole to reinvent how capital is mobilised and directed towards productive pursuits, shaping the economy of tomorrow in line with its strategic priorities.

Therefore, Europe's competitiveness challenge is not primarily a financial one, but a coordination and governance failure, rooted in its inability to capitalise on its own investments. Europe invests in research and innovation, but too often fails to convert that investment into economic growth, industrial leadership and global market presence. The critical bottlenecks are governance and coordination failures: weak technology transfer, poor integration between industrial and territorial policies, delays in innovation investment, excessive regulatory friction and fragmented financial markets.

The response should therefore not be limited to increasing investment volumes, but should improve the innovation-to-market pipeline and industrial policy coordination among EU's metropolitan areas. It includes targeted actions for improving technology transfer, demand creation for sustainable and responsible innovation, venture capital access, public procurement of innovation, regulatory streamlining, and better alignment between industrial policy and metropolitan territorial strategies. Other factors to address are excessive regulatory constraints, fragmentation of EU financial markets and rules across EU countries, along with high costs of energy.

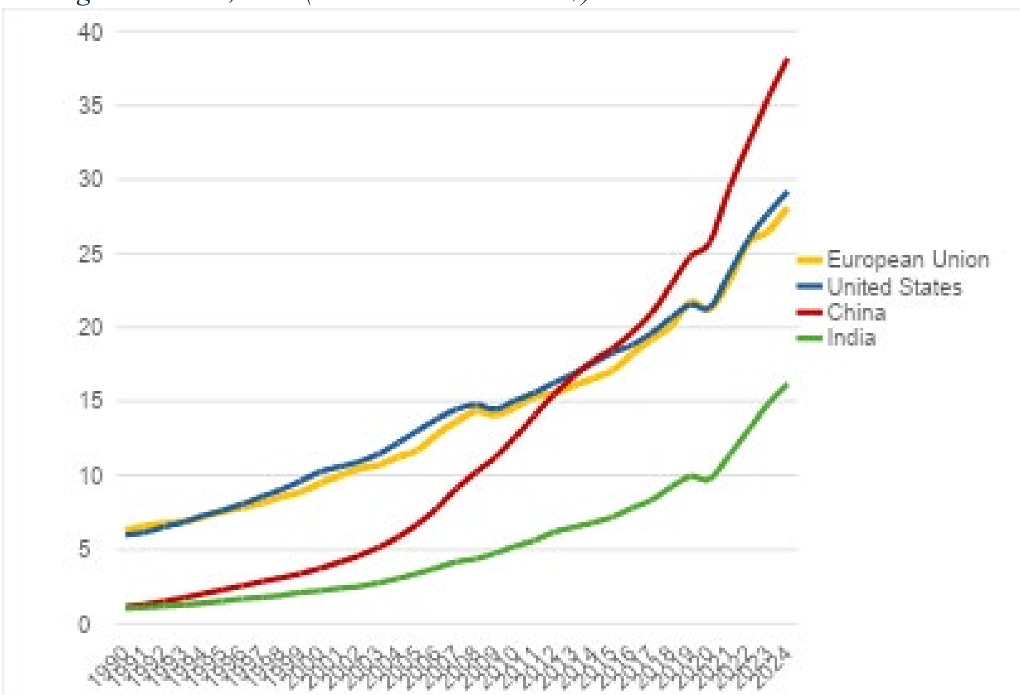
A further concern is that choices are not yet being made at the scale of Europe. In strategic sectors, Europe may need to organise value chains, infrastructure, production capacity and research assets at continental scale rather than through fragmented national approaches. Ensuring broad consultation and partnership in co-developing this framework is critical to ensure that no territories are left behind, but it is central to an impactful European industrial strategy.

The solution for EU competitiveness primarily lies not in more investment, but in better governance and coordination, aimed at recreating value chains at EU level - the core rationale for designing an EU Metropolitan Competitiveness Mission framework.

3. Comparison of METREX Members to US and Chinese peers

As the Draghi Report notes, the US now generates an overwhelming share of disruptive innovations, and dictates the direction and pace of development for the rest of the World. US companies also attract an overwhelming share of international capital, including European capital which could finance the growth of European companies. In turn, China has followed a path of focused and aggressive investments in a number of strategic sectors, and it has managed to achieve dominance in some areas of critical importance for the EU (e.g., electric vehicles, solar panels, rare-earth metals). Moreover, in terms of the GDP adjusted for purchasing power, it has already overtaken the EU and the US (see below).

Figure 5. GDP, PPP (current international $) in the EU and selected countries



Source: World Bank

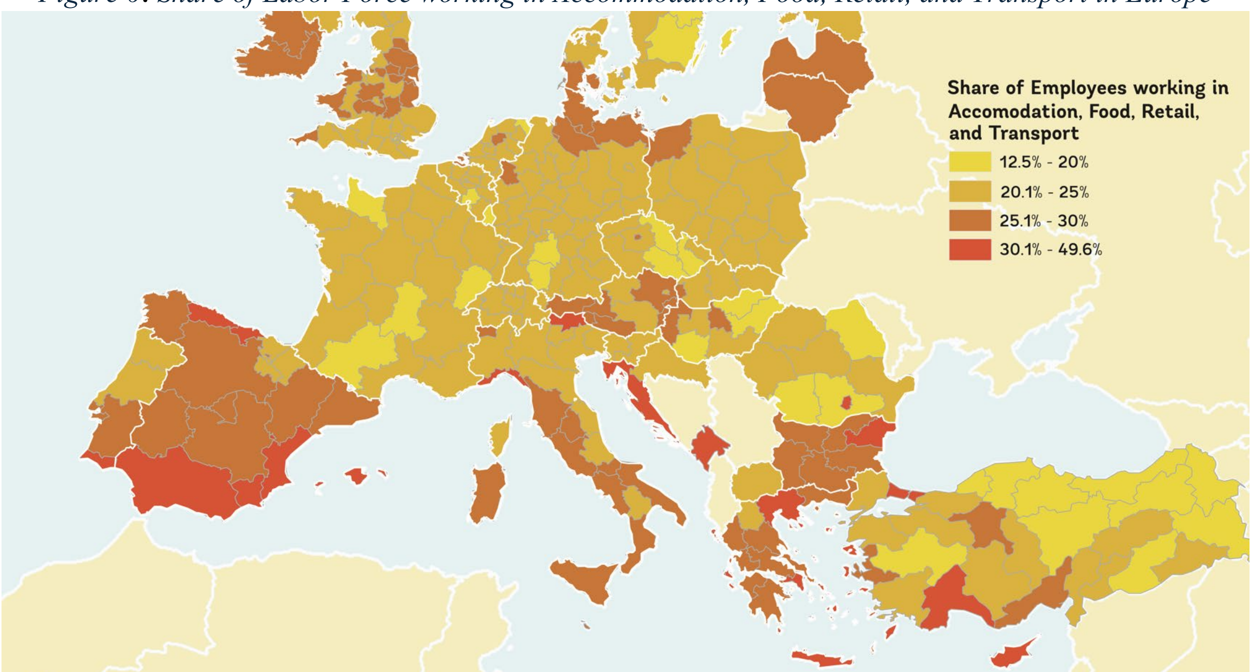
Obviously, where the US and China have done better than the EU, the main engines have been their main metropolitan areas – even within the context of highly centralized policy making of China. The *Metroverse* database, maintained by Harvard University, is a unique platform that allows to assess key competitiveness factors for all major metropolitan areas in the world, and to benchmark across different geographies. To this end, *Annex 2*, includes several synthetic maps that compare the performance of METREX Members with some of their US and Chinese counterparts. The *Metroverse* database includes a much larger number of relevant indicators, but we have chosen to look only at a limited number of issues that are more frequently discussed in policy circles.

For one, a look at the GDP per Capita figures indicates that there is much larger heterogeneity in Europe than in the US and China, with much wider variation in GDP figures across Europe. In China, overall GDP per Capita figures are smaller than in Europe, but there seems to be relatively little variation in performance, indicating a top-down approach of the Chinese Government, to ensure balanced development across the territory of the country.

When it comes to the share of the labor force engaged in higher value-added jobs (selected in *Annex 2* as the sectors with above-average wages), the US, surprisingly, scores the worst, and China seems to lead by a wide margin. Obviously, this data would require more unpacking and detailed analysis, but it seems to indicate that the success of US cities draws on the performance of a few exceptional individuals, and on the ease with which these individuals have access to capital to finance their business ideas. This has a significant importance for the EU's current *Smart Specialization* approach, and for the future Competitiveness Policies. When looking at the share of the labor force working in the ICT sector, Europe seems to be more or less on par with the US and China, indicating that the expertise of the overall labor force isn't the reason for the competitiveness lag in Europe.

When looking at the share of the labor force engaged in the Leisure and Hospitality sector, data indicates Europe to have a higher concentration than the US. Moreover, the *Metroverse* database shows Chinese metropolitan areas having an even higher concentration (see *Annex 2*), a point which deserves more in-depth study. The map below shows that in some EU regions, the share of the population working in low value-added sectors reaches almost 50%. These regions face a "Dutch Disease" type of situation, where their natural or historical endowments enable easier generation of revenue from tourism, but also push out or limit the development opportunities for higher value-added sectors.

Figure 6. Share of Labor Force working in Accommodation, Food, Retail, and Transport in Europe



In what follows, the paper will discuss a number of proposals aimed at making European metropolitan areas more competitive and dynamic.

4. How can the EU become more competitive? Proposal for an EU Metropolitan Competitiveness Mission

Economist Mariana Mazzucato has famously come up with the concept of "mission economics": an ambitious and concrete goal is set, and resources and energies from multiple areas (e.g. private sector, public sector, academia, civil society) are channelled to help achieve that goal. Mazzucato gives the example of the ambitious goal set by John F. Kennedy to "put a man on the moon by the end of the decade, and bring him back safely". That single mission mobilised more than a thousand organisations in the US and generated a multitude of innovations, from digital flight controls, e-mail communication, integrated circuits, credit card swiping devices, cordless phones, to memory foam, water purification systems, food safety, quake proofing, microwaves, freeze-dried food, water filters, or scratch-resistant glasses.

Building on this "mission economics" approach, the European Commission has launched five major missions[10] for the 2021-2027 Programming Period, with significant evidence for their impact. Of these 5 missions, the most well-known and successful so far is the "100 Climate-Neutral and Smart Cities by 2030" Mission, through which the EC is supporting 100 cities from the EU and 12 cities in countries associated with the Horizon Europe programme that commit to making the transition to climate neutrality by 2030. The exceptional strength of this initiative lies in its flexibility: it enables each participating city to achieve climate neutrality through pathways tailored to its specific context. As such, this approach is expected to generate a range of innovative and scalable solutions, with the most successful models subsequently transferable to other cities. The scale-up and replication process is already in progress, with additional support for "Mission-minded cities" currently offered through the NZC platform: 107 cities have received the Mission Label, while several other cities have joined Mirror Missions established at national level, or have voluntarily developed Climate City Contracts based on the NZC Methodology[11].

Building on the existing evidence of results and current scale-up of the "Cities Mission" and international experience, the Competitiveness Compass could be complemented by an EU Metropolitan Competitiveness Mission, designed at metropolitan level to strengthen strategic autonomy through targeted thematic actions while preserving the quality of life, social rights and democratic values and advancing environmental targets**.** A mission-based approach can offer the required framework for shaping a distinctly European competitiveness model, informed by international experiences. Looking beyond the specific conditions that shaped the US and Chinese innovation models, research on industrial policy shows that well-designed public action can accelerate structural change, while *laissez-faire* approaches fail to deliver the coordination that the competitiveness challenge requires.

The proposed EU Metropolitan Competitiveness Mission embodies a multi-level governance approach, with various goals requiring the involvement of EU level and metropolitan areas as joint

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[10] '**mission**' means a portfolio of excellence-based and impact-driven R&I activities across disciplines and sectors, intended to: (i) achieve, within a set timeframe, a measurable goal that could not be achieved through individual actions; (ii) have an impact on society and policy-making through science and technology; and (iii) be relevant for a significant part of the European population and a wide range of European citizens; Source: Article 8 - Missions (REGULATION (EU) 2021/695, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0695)

[11] A relevant example is the **M100 Mirror Mission Hub in Romania**, which selected 12 additional cities for support in developing CCCs, and two of them were officially recognised in 2026 as "Mirror-Minded Cities" (Iasi, Constanta), along with the cities of Viladecans and Bilbao.

delivery partners, in close collaboration with a wider range of actors. It requires moving from isolated projects towards mission investment portfolios, where metropolitan areas work with EU institutions, Member States, cities and regions, universities, research and innovation centres, businesses, and civil society around shared objectives, measurable targets and coordinated investment. **The EU needs to assess both the US and Chinese innovation models and define its own mission approach, in line with its strengths and core values.** While the US Silicon Valley model has generated world-leading innovation, the historical circumstances that created American venture capital markets (federal post-war investment, state-heavy Cold-War innovation framework, deep capital liquidity) are difficult to recreate. Considering the differences in social protection of workers and approach to inequality, against the background of growing environmental pressures, the mere replication of the US Silicon Valley is neither feasible, nor recommended. Moreover, focusing primarily on big tech innovation alone risks channeling resources toward technologies tailored mainly to consumer and business markets, rather than the infrastructure, capabilities, and systems required to advance EU's strategic goals, including defense, energy security, decarbonization, climate adaptation, and inclusive growth .

While set within a political and governance framework that differs sharply from the EU, China's innovation model, reflected by the Made in China 2025 strategy, offers valuable insights. As Dan Wang and Arthur Kroeber note[12], China's success lies in systemic mobilization, directing investment, infrastructure, and skills toward strategic sectors such as semiconductors, clean energy, and advanced manufacturing. Besides targeted subsidies, the Chinese model's success lies in building the "deep infrastructure" (physical infrastructure and expertise) that enables innovation and efficient production. It is worth mentioning that China generates more electricity per year than the US and the EU combined, providing it with a significant competitive edge in the power-intensive industries of the future, including Artificial Intelligence. A key lesson for both the US and the EU is moving from a sector-to-sector approach to developing a strong ecosystem for innovation through large-scale electricity systems and battery storage capacity, research and development, and policies to attract the best global talent.

The EU should move beyond fragmented national industrial strategies and develop a clearer European-scale approach for sectors that are essential to its strategic autonomy. In areas such as steel, batteries, semiconductors, energy-intensive industries or critical materials, investment decisions should not be duplicated across Member States without regard to scale, efficiency and long-term demand. Instead, the EU should support a coordinated territorial and industrial logic, identifying where production, research, infrastructure and supply-chain functions can be most effectively concentrated, while ensuring that benefits are distributed across wider European value chains.

The rapid transformation of local and national economies generates both positive and negative externalities. One of the negative externalities is the Schumpeterian creative destruction process, which can produce substantial gains in certain regions of the EU ("winners"), and render other parts of the EU as "losers". To illustrate this, one can consider the hypothetical scenario in which the iPhone, which led to the demise of Nokia and Ericsson, had been developed in Spain, Greece, or Czechia. This could have

[12] Dan Wang, Arthur Kroeber, *The Real China Model. Beijing's Enduring Formula for Wealth and Power,* Foreign Affairs, 2025, available at: https://www.foreignaffairs.com/china/real-china-model-wang-kroeber

represented a sensitive scenario for Finland or Sweden. As such, adequate tools and robust policy instruments are required to tamper the impact of the Schumpeterian creative destruction process.

Based on these insights, a mission-oriented approach that positions the EU's metropolitan areas as key delivery partners can effectively boost EU's competitiveness.

4.1. Challenges and goals of the EU Metropolitan Competitiveness Mission

The following section proposes a set of challenges, thematic areas and specific goals that could be considered under an EU Metropolitan Competitiveness Mission, calibrated around the areas where cities and metropolitan authorities have the clearest capacity to act. It should also be acknowledged that not all metropolitan areas in the EU can aspire to become AI super-centers, quantum mechanics hubs, or biotech stars. However, all of them can become more competitive. At its core, becoming more competitive depends on the capacity to attract people and mobilize resources.

The main competitiveness challenges that require a metropolitan mission approach are:

1. **Attracting and retaining talent, while enhancing quality of life at metropolitan level**
2. **Achieving strategic autonomy in key technological sectors and reinforcing Europe's scientific and innovation leadership**
3. **Turning environmental resilience into a strategic asset for competitiveness**
4. **Ensuring the security and the prosperity of the EU in an increasingly volatile geopolitical and economic context**
5. **Advancing financial sovereignty through the completion of the Capital Markets Union, single tax regime, smart specialisation and financial education**

Challenge 1: Attracting and retaining talent while enhancing quality of life at metropolitan level

a. **Thematic area: Urban regeneration of aging housing stock and containment policies.** Regeneration of the existing housing stock is not only an energy-efficiency or social-policy question, but also a competitiveness issue: it affects labour mobility, affordability, quality of life, attractiveness for young households and the capacity of metropolitan areas to retain talent, as well as containment of sprawl and social cohesion.

   Driven by higher affordability and growing demand for space, an intensive peri-urbanization trend is evident at EU level. The transformation of European urban neighborhoods requires a shift toward a more "static" form of growth, which by no means implies a slowdown in development, but rather a focus on making better use of existing urban resources as a more sustainable alternative to uncontrolled urban sprawl.

   To bridge the large investment gap (estimated at least €165 billion per year[13] for energy renovation), the mobilization of private capital and innovative financial models is needed. Supporting the mainstreaming of one-stop-shops[14] that can undertake the full cycle of bundled renovation projects (instead of renovating building-by-building), from offering advisory services to monitoring and delivery, coupled with effective containment and densification policies could be the basis for another mission goal.

   POTENTIAL MISSION GOALS:

   - **Supporting the creation of one-stop-shops for the large-scale regeneration of the EU housing stock in all metropolitan areas.**
   - **Mainstream successful models of combining public resources with private capital for energy efficiency investments and neighborhood regeneration.**

b. **Thematic area: Sustainable mobility for quality of life and emissions reduction.** Transport is essential for economic activity and access to opportunities, but it is also a major source of greenhouse gas emissions in the EU. Metropolitan mobility systems face challenges such as congestion, car dependency, unequal access to public transport, and insufficient integration with spatial planning. These issues reduce quality of life and hinder progress towards climate neutrality. Sustainable mobility requires a transition towards low-emission, efficient and inclusive transport systems that improve accessibility while reducing environmental impact. Moreover, the increasing public health costs connected with the limited share of active mobility modes requires targeted policy measures at metropolitan scale.

   POTENTIAL MISSION GOALS:

   - **Improve quality of life and reduce emissions in metropolitan areas by developing accessible, integrated and low-emission mobility systems.**

[13] https://energy.ec.europa.eu/topics/energy-efficiency/financing/financing-building-renovations_en

[14] In 2021, 63 such one-stop-shops were identified at EU level by JRC.

- **Promote sustainable metropolitan development by expanding cyclotourism networks that connect urban, peri-urban and rural areas through safe and integrated cycling corridors.**

c. **Thematic area: Immigration and assimilation of foreign talents.** International migration replenishes the labor force in metropolitan areas facing demographic decline and aging populations. The experience of countries such as Canada, Australia or even the US shows that skilled migrants contribute to innovation, entrepreneurship, and global competitiveness of metropolitan economies. Diversity in the workforce enhances creativity and adaptability in dynamic labor markets. Migrants also support local demand for goods and services, stimulating urban economic growth. Within Horizon Europe, the EU has established the "Choose Europe" programme[15], targeted at attracting researchers from outside the EU. Metropolitan areas could play a coordination role and increase the visibility of the programme, while extending their reach beyond the research focus, to attract specific skilled talent relevant for the territorial context and deliver EU competitiveness goals.

POTENTIAL MISSION GOAL:

- **Design strategies and mechanisms to attract skilled talent to ensure that demographic decline and aging do not compromise the economic growth of urban areas**

d. **Thematic area: Attracting talent and generating higher value-added exports.** The EU is a net exporting economy, but the value added of its exports has been decreasing in the face of increased global competition. To generate higher value-added exports, the EU needs to produce more experts that know how to deal with high-demand things that few other people in the world know how to do (see for example the global search for the best AI specialists). This requires an overhaul of the educational system in EU countries, particularly the university system. European universities should be encouraged to develop endowment funds, following the model of US universities, which would enable them to finance cutting-edge research and attract the brightest minds from around the world.

Within the "Functional Areas in the EU" (World Bank, DG Regio) project, increasing the competitiveness of metropolitan areas was a high topic on the agenda. Mainstreaming the creation of endowment funds for local public universities was also addressed in a series of knowledge exchange activities, highlighting their role in attracting talent and advancing research and innovation. While some EU universities have proactively started endowment funds (e.g., Vilnius University), a coordinated discussion at the EU level on how these initiatives can be supported from a policy perspective, to increase the global competitiveness of the European Higher Education Area and the EU overall is yet to be had.

POTENTIAL MISSION GOALS:

- **Enable universities to attract global talent and become drivers of innovation and high-value-added economic growth.**
- **Support the establishment of endowment funds in the EU universities**

[15] https://commission.europa.eu/topics/research-and-innovation/choose-europe_en

- **Building talent ecosystems that connect universities, research and innovative companies**
- **Equip metropolitan universities with state-of-the-art research and digital infrastructures, including AI, high-performance computing and advanced laboratories, to attract global talent and drive innovation.**

e. **Thematic area: Private investment attraction.** To become more attractive for investors, the EU metropolitan areas should prepare ambitious metropolitan masterplans, and implement more efficient asset management tools (e.g., land suitability analysis, public buildings inventories). When a public authority starts a dialogue with an investor, the chances of closing a successful deal are significantly higher if it can offer them a data-based territorial analysis of developable land at the metropolitan level. This not only supports the investor in choosing the best location, without losing time and energy in approaching individual administrative units, but it also signals that the supra-local body is a reliable and predictable partner, with a clear development vision. Having such a masterplan serves as a foundation for both public and private investment decisions, decreasing risks for the investor, and reassuring them that the area that they invest in is set on a sustainable development track.

A practical tool to use in developing the masterplan is the **Land Suitability Analysis (LSA)**, which supports the alignment between spatial and strategic planning, by identifying areas that are suitable for particular types of development (e.g., development potential for industrial and logistics activities, commercial and retail spaces). To perform an LSA, detailed GIS databases of cadaster data, public plots, undevelopable land are required, as well as transport, utilities, social and healthcare facilities, etc. As part of the "Functional Areas in the EU" project, two GIS databases were created to support functional area approaches, allowing planners from Zagreb Urban Agglomeration and Cluj Metropolitan Area to visualize and analyze complex spatial data, including existing and proposed major infrastructure, and perform LSAs.

The process of developing a masterplan and access to spatial data can mobilize a wide variety of actors and break the silos between different sectors, supporting substantive participation, beyond generic consultation processes. For instance, the new Metropolitan Urban Masterplan of the Barcelona Metropolitan Area adopted in 2023 was co-designed through over 400 participatory events and presentations, involving up to 15,000 participants (citizens, experts, academia, private sector, etc.). Similarly, the launch of the Cluj MA platform triggered an impressive interest from users, with over 100,000 maps generated within 48 hours. Moreover, local universities have provided additional layers of data to be integrated into the platform, consolidating further collaboration. Comprehensive LSAs were carried out for the Brno Metropolitan Area and Zagreb Urban Agglomeration, further supporting the implementation and preparation of their metropolitan strategies and attracting private investment. Recently, the development of a Metropolitan Masterplan in Iași MA has demonstrated its value not only in identifying areas for strategic investments, but mobilizing all relevant stakeholders and civil society in co-designing a shared future. Along with data and spatial insights, this type of participatory governance is a fundamental enabler for competitiveness.

POTENTIAL MISSION GOAL:

- **Every metropolitan area in the EU should have an ambitious masterplan, co-designed with all relevant stakeholders, citizens and civil society.**

f. **Thematic area: Remittances.** Particularly for metropolitan areas in less developed EU Member Countries, remittances from citizens living abroad, or in more developed national metro areas, represent a significant source of revenue. People generally move somewhere else in search of opportunities they do not find locally. Thus, a hopeful actor may choose to move to Los Angeles, an ambitious cook may move to San Sebastian, and a stock trader may move to New York. While losing local talent may seem like a net loss for metropolitan areas, in the bigger scheme of things, it is actually a win, as that person may become much more productive if they move somewhere else. And, some of that higher productivity can be attracted back through remittances.

POTENTIAL MISSION GOAL:

- **Develop a local career counseling office, which can help connect local citizens to opportunities worldwide, while maintaining structured channels for remittances, skills transfer, and reintegration pathways.**

g. **Thematic area: High quality of life and family-friendly policies**. As the EU's population ages and life expectancy rises, metropolitan areas must strengthen their role in attracting and retaining young families. This requires not only providing a satisfactory financial and social environment for starting families, but also creating urban conditions that support raising children. On the urban side, metropolitan areas should promote child-friendly neighborhoods with adequate housing, safe streets, accessible green and public spaces, high-quality educational institutions, nurseries, and support facilities for families who often migrate away from extended family networks to access economic opportunities. Cities such as Amsterdam (The Netherlands), Vauban (Germany), and Stockholm (Sweden) are advancing this concept within their boundaries. On the policy side, family-friendly labor practices are essential. Paid maternity and paternal leave remain critical, but metropolitan areas and employers should go further by developing flexible working arrangements, expanding childcare provisions, and offering additional benefits that allow parents – especially women – to pursue careers while raising children. Together, urban and workplace instruments can make metropolitan areas both more competitive and more attractive to future generations.

POTENTIAL MISSION GOALS:

- **Position and transform metropolitan areas to attract and retain future generations of young adults by offering opportunities, quality of life, and vibrant environments**
- **Strengthen metropolitan attractiveness for young families through integrated policies combining affordable housing, child-friendly urban environments and flexible labour conditions.**

h. **Thematic area: Metropolitan observation and data systems.** Metropolitan observatories should become a core tool for metropolitan governance. They can support benchmarking, foresight, investment planning, climate and housing monitoring, and the evaluation of EU-funded interventions. Moreover, a common EU metropolitan data architecture would also improve the evidence base of the European Semester.

A territorial data platform can serve as a 'one-stop shop', providing urban services that reduce bureaucracy at the metropolitan level while enabling the publishing of metropolitan data. These two dimensions are complementary because while digitalization enhances administrative efficiency and citizen productivity, open data fosters local economic productivity by enabling stakeholders to develop innovative products and services.

POTENTIAL MISSION GOALS:

- **Establish a common European framework for interoperable metropolitan data observatories, enabling harmonised collection, integration, and sharing of urban data to support consistent benchmarking, monitoring, and policy evaluation across metropolitan areas.**
- **Develop interoperable metropolitan data observatories, including digital twins where appropriate, to enable real-time simulation, foresight, and impact assessment of key urban systems (climate, housing, mobility, and socio-economic development), thereby improving the design, targeting, and evaluation of public investments and policies.**
- **Develop digital metropolitan governance through open data.**

i. Thematic area: Boosting the impact of EU Cohesion Policy through targeted capacity building and financial support for metropolitan cooperation. Better cohesion is directly contributing to competitiveness, by creating attractive conditions for living and doing business. The Cohesion Policy also acted as a catalyst for the development of inter-jurisdictional cooperation and the creation of metropolitan area governance bodies, starting from the Growth Pole policy (2007-2013), and in particular through the Integrated Territorial Investments (ITI) framework introduced in 2014. This framework has had a transformative effect, as evidenced by the evolution of the Brno Metropolitan Area, for example, which has used the incentives created by the ITI to develop an ambitious integrated strategy that goes beyond the scope of this specific territorial instrument. However, the strategy lacks binding power for all involved municipalities, pointing to the limits of development outcomes of voluntary, non-institutionalized cooperation.

As cooperation practices mature, the opportunity to use the existing experience of metropolitan areas in driving competitiveness and cohesion could inform a novel approach to the territorial targeting of Cohesion Policy and EU funding programmes. In the context of accentuated demographic decline and increasing demands and pressure on available funding, administrative and structural reforms to mainstream interventions at the functional/metropolitan scale are all more important. By pooling resources across territories and sectors within a functional area, integrated projects can avoid duplicative efforts, promote economies of scale, and ensure an optimal use of

EU funding. When public investments are aligned with the territorial dynamics, they are more efficient.

POTENTIAL MISSION GOAL :

- **Institutional capacity building and financial support (dedicated programmes, investments tools, direct EU funding) available for metropolitan areas and stronger engagement of metropolitan areas in the programming, management and implementation of EU Cohesion Policy and relevant funding programmes within the next MFF.**

Challenge 2: Achieving strategic autonomy in key technological sectors and reinforcing Europe's scientific and innovation leadership

a. **Thematic area: Quantum computing leadership**. Although the EU hosts several major ITC companies (e.g., SAP, Siemens), it lags behind considerably in this field compared to the US and China. Two sectors of particular strategic importance stand out: Artificial Intelligence and long-distance communication technologies (e.g., through quantum entanglement). Progress in these areas will require, on the one hand, the substantial expansion of Europe's data center infrastructure (which is lagging well behind the US and China) and a significant increase in computational power. Currently, advanced AI models depend heavily on Graphics Processing Units (GPUs), produced primarily by Nvidia and AMD. Looking ahead, quantum computing is expected to enable an exponential leap in computational power, and Horizon Europe 2028–2034 programme identifies "making Europe the first continent with fully integrated quantum computing in daily life" as a key "moonshot" project The EU should pursue the development of both AI infrastructure and quantum computing, and ensure that as many metropolitan areas as possible are positioned to actively participate in this technological race.

   POTENTIAL MISSION GOALS:
   - **Catch up with the US and China in the race to develop Artificial General Intelligence (AGI)**
   - **Develop competitive advantage in quantum computing and make Europe the first continent with fully integrated quantum computing in daily life.**
   - **Develop capacity to communicate long distances through quantum entanglement**
   - **Build distributed manufacturing capacity across metropolitan areas and well-connected small and medium towns, establishing regional "hardware production hubs" for critical components such as microelectronics, chips, and advanced hardware systems, aligned with the skill levels of local workforce and ensuring that municipalities of all sizes benefit from the European digital transformation.**

b. ***Thematic area: Bridging the technological and innovation gap to strengthen European competitiveness.*** The technological and innovation gap is driven not only by insufficient investment in research and innovation and weak technology transfer capacity, but also by unequal access to digital infrastructure and shortages in both basic and advanced digital skills. Strengthening European competitiveness requires ensuring widespread access to digital technologies while developing a workforce capable of creating, adopting and scaling innovation

POTENTIAL MISSION GOAL:

- **Close technological and digital skills gaps within metropolitan areas to enhance innovation capacity and global competitiveness.**

c. **Thematic area: Fusion energy, biotech and frontier science leadership.** The EU should capitalise on its strong scientific community, flagship projects and its capacity to attract the best global talent to aim for leadership in frontier science fields, such as fusion energy. With the EU's first-ever Fusion Strategy planned for publication in 2026 and Horizon Europe 2028–2034 programme identifying fusion as a key "moonshot" project to put fusion energy on the grid by 2034, Europe can lead the global fusion development and accelerate commercialization. Frontier science could open the possibility for the artificial creation of all chemical elements, as well as entirely new chemical elements beyond the current periodic table. As with quantum mechanics, the ability to decode the mechanisms by which life forms, evolves, and mutates holds the potential to transform entire sectors. Advances in biotechnology could enable unprecedented progress in healthcare, while also making it possible to engineer a wide range of new living organisms, with both positive and negative side-effects. Metropolitan areas can become key delivery actors by ensuring alignment of specialisation strategies and investment attraction policies, in line with the proposed areas of moonshot projects to be supported within the next Horizon Europe programme (2028-2034): (future circular collider, clean aviation, quantum computing, next-generation AI, data sovereignty, automated transport and mobility, regenerative therapies, fusion energy, space economy, zero water pollution and ocean observation) and beyond.

POTENTIAL MISSION GOALS:

- **Be the first to develop fusion energy capacity and put fusion energy on the grid by 2034**
- **Be the first to develop new materials beyond the existing periodic table**
- **Be the first to discover breakthrough biotechnological processes that enable the creation of new organisms.**

d. **Thematic area: Green energy storage leadership**. According to the Draghi Report, the EU is a world leader in clean technology, but it is losing momentum due to a weak innovation system. However, research and innovation should be increased in parallel with improving the innovation system. Energy storage is one of the key pillars of the clean energy sector and represents a critical global opportunity. From its position of leadership, the EU should prioritize financing research and development in this sector, support the commercialization of advanced storage technology, and build a robust supply chain and recycling network for batteries and other solutions. This approach would not only secure Europe's energy autonomy and resilience but also reinforce its competitive edge in the global clean tech market.

POTENTIAL MISSION GOAL:

- **Build a world-class EU energy storage ecosystem by supporting the development of technologies, innovative research and related value chains.**

e. **Thematic area: Thought Leadership.** The capacity to ask big questions and the ability to make connections across different fields is likely the one trait that may give humans a competitive advantage over Artificial Intelligence. The Solvay Conference of 1927 was the last time that Europe dominated the global knowledge arena, with Einstein, Schrodinger, Bohr, Heisenberg, Curie, Plank, Born, and Lorentz brought together under the same roof. The rise of right-wing and populist parties across Europe, followed by the Second World War, prompted many of the continent's most brilliant minds to emigrate to the United States, Canada, Australia, and beyond. This intellectual exodus represented an immeasurable loss for Europe, arguably greater than the physical destruction of the war itself. The EU has a competitive advantage in its capacity to convene diverse stakeholders – people, experts, politicians – around the same table. This strength should be leveraged to identify the most pressing questions of our time, and mobilize the adequate resources required to answer those questions. A revival of the spirit of the Solvay Conferences is required all over the EU.

POTENTIAL MISSION GOALS:

- **Organize flagship scientific conferences in all major metropolitan areas, bringing the brightest local minds around the same table.**
- **Strengthen metropolitan areas as hubs of scientific thought leadership by fostering continuous interdisciplinary collaboration and global knowledge exchange.**

Challenge 3: Turning environmental resilience into a strategic asset for competitiveness

a. **Thematic area: Creating markets for circular economy.** Metropolitan areas can create demand and markets for circular economy solutions through public procurement, waste prevention, repair and reuse systems, construction material recovery, industrial symbiosis and e-waste recycling. By treating waste streams, buildings, infrastructure and industrial by-products as strategic resources and improving the systems for their recovery, metropolitan areas can reduce material dependency on imported critical materials, support local businesses, create jobs and strengthen the resilience of European value chains. Currently, Europe's circularity rate is about 12%, with the goal to double it to 24% by 2030, as part of the EU's Clean Industrial Deal.

POTENTIAL MISSION GOAL:

- **Boosting the EU circularity rate in metropolitan areas beyond the 2030 target of the EU Industrial Clean Deal and mainstreaming urban mining (recovering valuable materials from existing stock).**

b. **Thematic area: Nature preservation and restoration, and ecological development.** Effective metropolitan governance can ensure the integration of nature preservation and restoration targets and ecological development into land-use planning, water management, climate adaptation and urban regeneration, connecting competitiveness with resource security and environmental resilience. The objectives of this thematic area can support the acceleration of achieving EU targets derived from key regulations and strategies (including Nature Restoration Regulation, Climate Adaptation Strategy, and Water Resilience Strategy), while ensuring resource security for the development of strategic industries. In particular, the Water Resilience Strategy highlights the critical role of the Water Resilience Strategy for strengthening Europe's businesses and boosting competitiveness, as also recognised in the Competitiveness Compass and the Clean Industrial Deal.

POTENTIAL MISSION GOALS:

- **Integrate nature preservation and restoration targets and ecological development principles into metropolitan planning and investment pipelines.**
- **Develop metropolitan green-blue infrastructure networks connecting rivers, wetlands, forests, parks, agricultural land and protected areas.**
- **Develop nature-based solutions to reduce flood risk, heat stress, drought vulnerability and biodiversity loss at metropolitan level.**
- **Address water scarcity risk and mainstream sponge city / water-sensitive city approaches for increased water retention in urban areas, implementing the "water efficiency first" principle.**
- **Align urban regeneration, housing and infrastructure investments with ecological corridors and climate adaptation objectives at metropolitan level, while containing urban sprawl.**

c. **Thematic area: Agriculture and food systems.** Metropolitan areas include peri-urban and rural territories that play a strategic role in food production, landscape management, water retention, biodiversity and short supply chains. A stronger metropolitan approach to agriculture and food systems can improve food security, reduce dependency on long-distance supply chains, support local producers, limit land take and reconnect urban demand with surrounding productive landscapes.

POTENTIAL MISSION GOALS:

- **Develop resilient metropolitan food systems linking urban demand with peri-urban and rural production.**
- **Protect high-value agricultural land in metropolitan areas from uncontrolled urban sprawl and integrate food production into metropolitan land-use planning.**
- **Promote circular links between food systems, bio-waste, composting, water reuse and renewable energy.**

Challenge 4: Ensuring the security and the prosperity of the EU in an increasingly volatile geopolitical and economic context

a. **Thematic area: Security & defence.** Metropolitan areas concentrate critical infrastructure, population, logistics systems, research institutions, industrial capacity, digital networks and emergency-response functions. This makes them both vulnerable to security risks and essential to European resilience. A metropolitan approach to security and defence should not be limited to military infrastructure, but should include civil preparedness, dual-use innovation, cyber-resilience, energy security, transport corridors, industrial capacity and the protection of critical services.

   POTENTIAL MISSION GOALS:

   - **Develop metropolitan resilience and preparedness plans for hybrid threats, cyberattacks, infrastructure disruption, energy shocks and climate-related emergencies.**
   - **Develop metropolitan dual-use innovation ecosystems connecting universities, research centres, SMEs, industry and defence-related innovation programmes.**
   - **Strengthen metropolitan and functional urban areas resilience in EU border and riverine regions by addressing hybrid threats, critical infrastructure vulnerabilities and cross-border security risks.**

b. **Thematic area: Foresighting, strategies and external cooperation.** In a context of geopolitical instability, technological disruption, demographic change and climate risk, metropolitan areas need stronger foresight capacity and strategic intelligence. Developing these can build on the existing initiative of JRC, within the Competence Centre on Strategic Foresight, as Strategic Foresight Reports can inform concrete policy actions at metropolitan level.[16] Metropolitan governance should be able to anticipate future shocks, identify long-term opportunities, and coordinate external cooperation with other European and global metropolitan regions. This would allow metropolitan areas to become more active contributors to EU strategic autonomy, economic resilience and territorial cohesion. In terms of external cooperation, specific support to external cooperation and exchanges on global challenges involving metropolitan areas could be envisaged under Heading 6: Neighbourhood and the World of the next MFF.

   POTENTIAL MISSION GOALS:

   - **Establish metropolitan foresight and strategic intelligence capacities at metropolitan level (informed by EU Foresight Reports), to integrate economic, technological, demographic, climate and geopolitical risks into metropolitan strategic planning.**
   - **Strengthen external cooperation between European metropolitan areas and strategic partner regions beyond the EU, especially in areas such as innovation, energy, food systems, climate mitigation and adaptation and reconstruction.**

[16] https://joint-research-centre.ec.europa.eu/strategic-foresight-eu_en

Challenge 5: Advancing financial sovereignty through the completion of the Capital Markets Union, single tax regime, smart specialisation and financial education

a. Thematic area: Capital Markets Union and 28th Tax Regime. A full-fledged Capital Markets Union, supported by unified legislation, tax code and investment rules is an achievable and highly desirable goal, with direct implications for innovative companies and metropolitan areas across the EU, as also highlighted by the "Much more than a market" report by Enrico Letta. The need for achieving a full-fledged Capital Market Union stems from the premise that it should be very straightforward for citizens from Spain, Bulgaria, Sweden, or Denmark, to invest in a promising company from Slovakia or The Netherlands. In fact, investors from anywhere in the world should find it simple to direct capital to European companies. The larger the capital pool that EU companies can access, the greater their capacity to sustain long-term growth. Strengthening access to capital is, therefore, one of the most effective means of reinforcing metropolitan areas across the EU. Yet, over 130 EU companies, with a market capitalization of over €680 billion EUR, have relocated to the US, largely due to the more favorable conditions for raising capital. UiPath, a unicorn from Romania, has chosen to list itself on the New York Stock Exchange; at the time of its IPO in 2021, its market capitalization reached $34 billion, exceeding the total value of all companies listed on the Bucharest Stock Exchange). To address fragmentation challenges, the European Commission is already working on the introduction of a "28th Tax Regime" - a single harmonized set of rules for innovative companies throughout the EU.[17] In parallel, Metropolitan Areas with strong research, development and innovation potential should design ambitious smart specialisation strategies, going beyond traditional, marginal innovation sectors that they already excel in.

ˆPOTENTIAL MISSION GOALS:

- **Accelerate and support 28th Tax Regime (EU-Inc) implementation.**
- **Complete the Capital Markets Union to enable an integrated EU Stock Exchange.**
- **Smart specialisation strategies at metropolitan level leveraging the opportunities unlocked by the 28th Tax Regime and an Integrated EU Stock Exchange.**

***b.* Thematic area: Accelerating and mainstreaming financial education.** Every metropolitan area in the EU should strive to have a high share of their population with strong financial education. One of the easiest ways to attract global resources locally is through smart investments in global assets. For example, even in metropolitan areas without large multinationals, astute local investors can attract locally part of the output generated by different multinationals, by investing in their

[17] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on THE 28TH REGIME CORPORATE LEGAL FRAMEWORK - 'EU INC.', available at: https://eur-lex.europa.eu/resource.html?uri=cellar:03e7a4ba-22df-11f1-8c3a-01aa75ed71a1.0001.02/DOC_1&format=PDF

stock. However, as highlighted by the 2023 Eurobarometer on financial literacy[18], only 18% of the EU population has a high level of financial literacy, and only 45% of Europeans understand how compound interest works, despite its critical role in personal finance and long-term savings. The survey also reveals significant disparities across the EU, with the share of citizens with a high level of financial literacy ranging from over 40% in countries such as the Netherlands, Denmark and Finland, to below 20% in Portugal, Cyprus, Spain, Greece, and to just 13% in Romania. The survey points to the fact that financial education efforts should be targeting in particular women, younger people, people with lower income and with a lower level of general education.

POTENTIAL MISSION GOAL:

- **Including targeted programmes in metropolitan / local development strategies to ensure that the entire population of investing age has a high level of financial education.**

Final remarks: from vision to action

While there is growing support for functional approaches and metropolitan cooperation, securing the EU's global competitiveness and leadership requires placing Metropolitan Areas at the forefront of this mission. Starting from the understanding that interjurisdictional cooperation needs to be strengthened and that the potential of functional areas to drive sustainable development can no longer remain untapped, the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) and the World Bank launched in 2021 the "Functional Areas in the EU" project. Through this project, the Commission encouraged Member States to have a stronger focus on functional areas in their programs to better respond to the territorial needs and opportunities.

A mission-oriented approach can build on the momentum of previous flagship projects, recognising the leading role of the Metropolitan Areas in delivering EU's competitiveness goals. The "Functional Areas in the EU" project supported both metropolitan areas and non-urban functional areas by offering technical assistance for key development challenges (from spatial and strategic planning, to governance and capacity building, mobilizing public and private funding, and facilitating knowledge exchange and peer-to-peer learning). A Methodological Toolkit[19] was published to ensure widespread access to the multiple practical knowledge and tools developed within the project, as well as available support instruments at EU level. Serving the overarching goal of increasing the competitiveness and dynamism of Metropolitan Areas, several implications and recommendations for the next programming period were derived from this project, centered around the role of interjurisdictional / metropolitan approaches in driving sustainable territorial development.

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[18] Eurostat, *Monitoring the level of financial literacy in the EU* (2023), available at: https://europa.eu/eurobarometer/surveys/detail/2953

[19] https://functionalareas.eu/methodological-toolkit/

The European Commission presented its proposal for the next long-term EU budget for 2028–2034 in July 2025. A €2 trillion Multiannual Financial Framework (MFF) will define the direction of EU action for the next seven years and set the rules for the programmes with a direct role in the competitiveness agenda. It will implicitly define the funding rules, priorities and instruments through which the EU seeks to close the innovation gap, accelerate decarbonisation, strengthen strategic autonomy, support industrial transformation and reinforce territorial cohesion. The final outcome of these negotiations will determine which programmes, funds and financing instruments remain available, and under what conditions.

The current negotiation window on the next MFF is a critical opportunity for discussing, refining and operationalising the Mission-approach proposed in this White Paper. The revision of long-established EU policies, particularly the Common Agricultural Policy and Cohesion Policy (merged into National and Regional Partnership Plans) as well as the absence of earmarking for sustainable urban and territorial development have triggered intense policy discussions. At the same time, Member States may have the possibility to better target territorial needs and opportunities through a focus on functional areas in the design of their National and Regional Partnership Plan, and including interjurisdictional / metropolitan authorities in the process of developing Regional and Territorial Chapters of the NRPP. In light of the Metropolitan Competitiveness Mission proposed in this White Paper, key advocacy policy windows in the regulatory process are:

- Q2 2026: European Parliament reports (including amendments) and Council meeting on the next MFF (June 2026)
- Q4 2026: Trilogues - negotiations between the Council and the European Parliament, facilitated by the European Commission to reconcile their positions (expected to start in December 2026).
- 2026-2027: Dialogue with partners on NRPPs at national level (before formal submission in January 2028).

Towards the operationalisation of an EU Metropolitan Competitiveness Mission

The proposed EU Metropolitan Competitiveness Mission requires a multi-level governance approach, with goals involving the European Commission and the metropolitan areas as joint coordination and delivery partners, in close collaboration with a wider range of actors. It requires moving from isolated projects towards mission investment portfolios, where metropolitan areas work with EU institutions, Member States, cities and regions, universities, research and innovation centres, businesses and civil society around shared objectives, measurable targets and coordinated investment.

In the EU regulatory and funding ecosystem, practical scenarios include:

1. **The formal creation of a new Mission**, within the Horizon Europe 2028-2034 (10th Framework Programme, Pillar II ‘Competitiveness and Society’);
2. **The integration of the EU Metropolitan Competitiveness Mission approach as an instrument to guide investments through the European Competitiveness Fund**;
3. **The inclusion of the metropolitan challenges, thematic areas and goals in regional and territorial chapters of the National and Regional Partnership Plans (NRPPs).**

The practical details and windows of opportunity for such operationalisation scenarios require continued dialogue and exploration, coupled with active advocacy of metropolitan area associations.

The first pillar for the operationalisation of the proposed EU Metropolitan Competitiveness Mission is governance. To be effective delivery partners, metropolitan areas should be involved not only as beneficiaries, but also as partners in the design, programming, implementation and monitoring of policies and funding programmes. This could take the form of formal engagement of metropolitan areas as key partners in the framework of National and Regional Partnership Plans and other future investment programmes (Horizon Europe, European Competitiveness Fund), as well as structured metropolitan dialogue linked to the European Semester, the EU Agenda for Cities and the recently introduced State of European Cities report (to be issued in 2026, for supporting evidence-based urban policy). These dialogues would allow metropolitan areas to align metropolitan investment pipelines with EU competitiveness and cohesion objectives.

A second operational pillar should be dedicated financing for “metropolitan competitiveness mission” investment portfolios. This could include dedicated calls for metropolitan “mission portfolios”, support for project preparation, and financial instruments that help metropolitan areas move from strategy to implementation. The objective should be to connect metropolitan strategies with investment pipelines aligned with the mission goals, rather than funding fragmented projects with limited systemic impact.

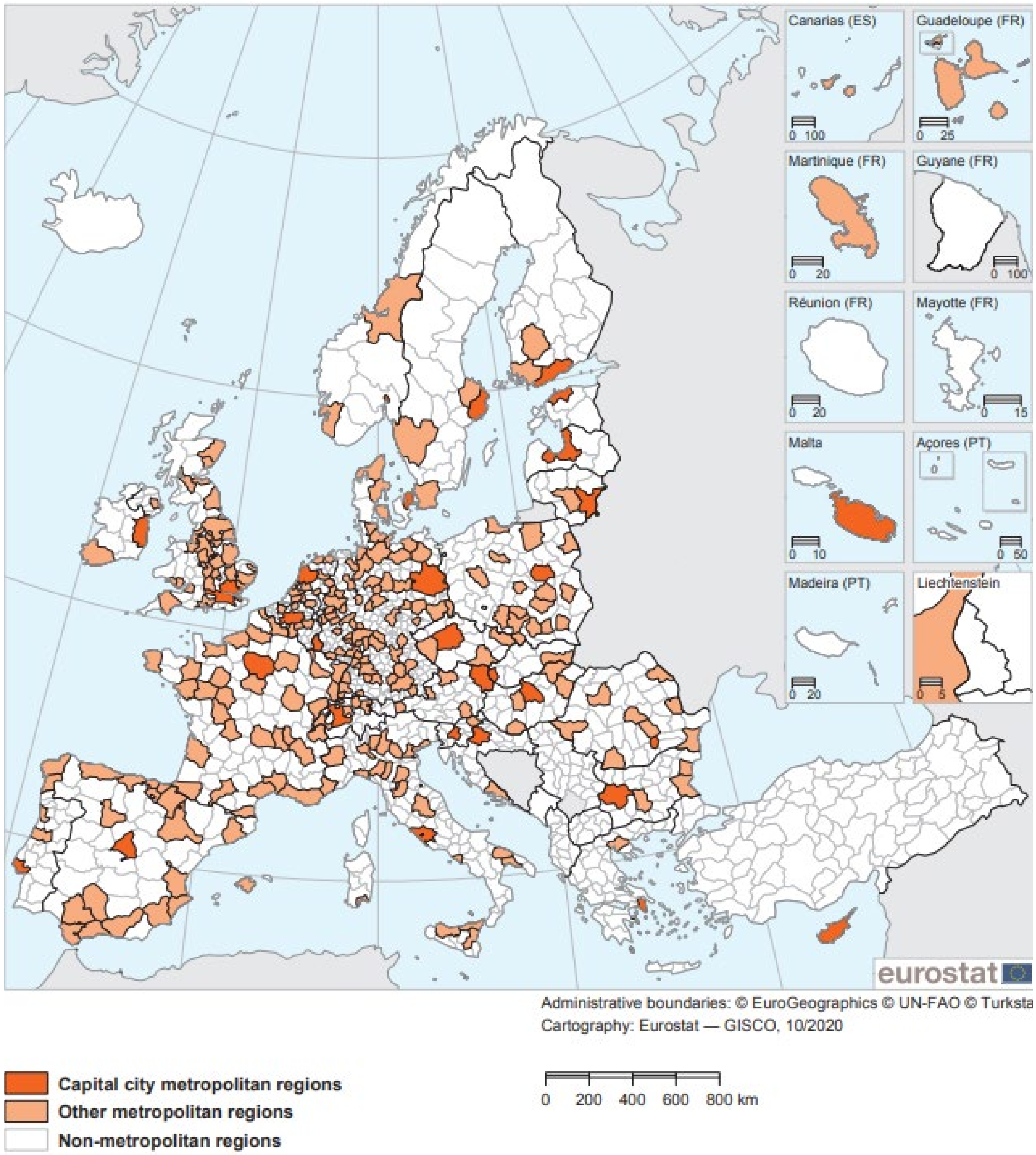
A third pillar should be metropolitan capacity and evidence. Achieving mission goals requires data, foresight, monitoring and evaluation capacity at functional urban area level. Metropolitan areas should be supported to develop territorial data platforms, land suitability analyses, investment inventories, innovation mapping, skills intelligence and climate-risk assessments. These tools would allow them to identify where intervention is most needed, where investment can generate the highest impact, and how progress can be monitored over time.

Finally, the operational framework should include inter-metropolitan learning and coordination, similar to the Twinning Programme facilitated through the Net Zero Cities platform within the “Cities Mission”. Not every metropolitan area will lead in every thematic area, but all can contribute to European value chains and benefit from shared knowledge. Networks of metropolitan areas could be established around specific mission goals, allowing frontrunners to test solutions, peers to adapt them, and EU institutions to scale what works. In this way, the proposed metropolitan competitiveness mission would become both a governance method and a delivery mechanism, connecting European ambition with the places where economic transformation, innovation and quality of life are actually produced.

Metropolitan Areas are both engines for transforming regional and national economies, and key partners for boosting the EU's global competitiveness in domains of strategic public interest. This White Paper proposes the operationalisation of a mission-oriented approach that recognizes the economic power of metropolitan areas as hubs of innovation and living labs for addressing today's most pressing challenges. To support this approach, a financial and governance framework that enables the EU, Member States, cities, regions and metropolitan areas to work on Europe’s strategic challenges is needed, with Metropolitan Areas as key delivery partners, as opposed to operational implementers.

By formulating 5 major competitiveness challenges and an ambitious set of goals linked to key thematic areas, the EU Metropolitan Competitiveness Mission proposed in this paper can provide a clear, actionable answer to the question: *How can the EU become more competitive?*

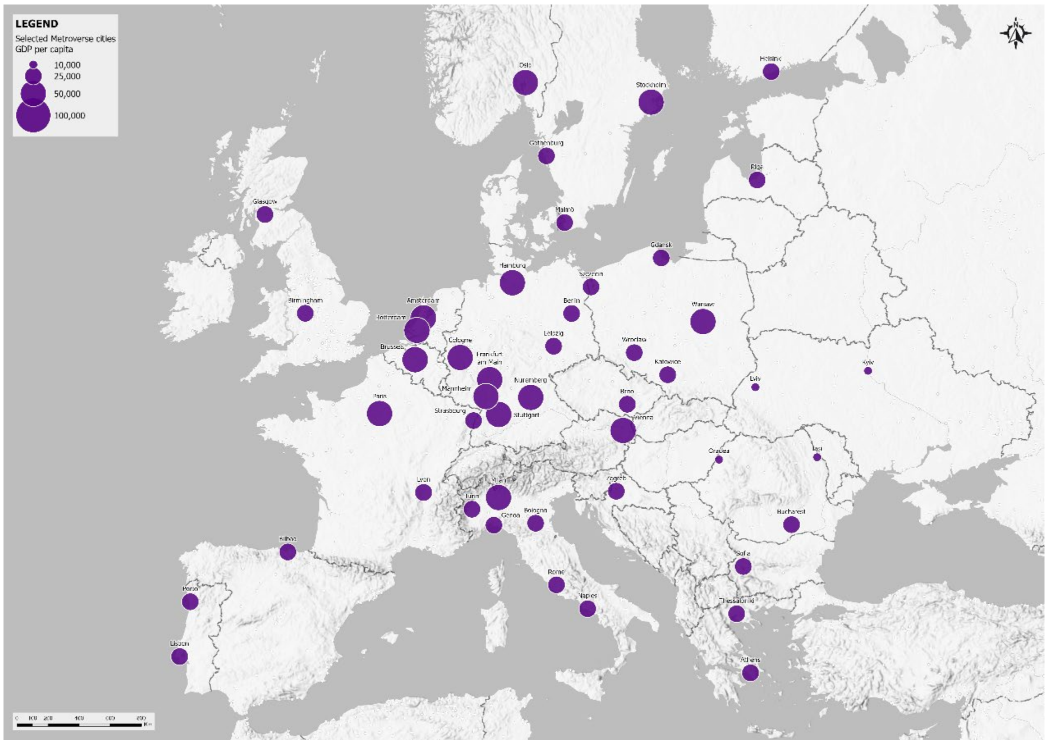
Annex 1. EuroStat Statistical Metropolitan Areas



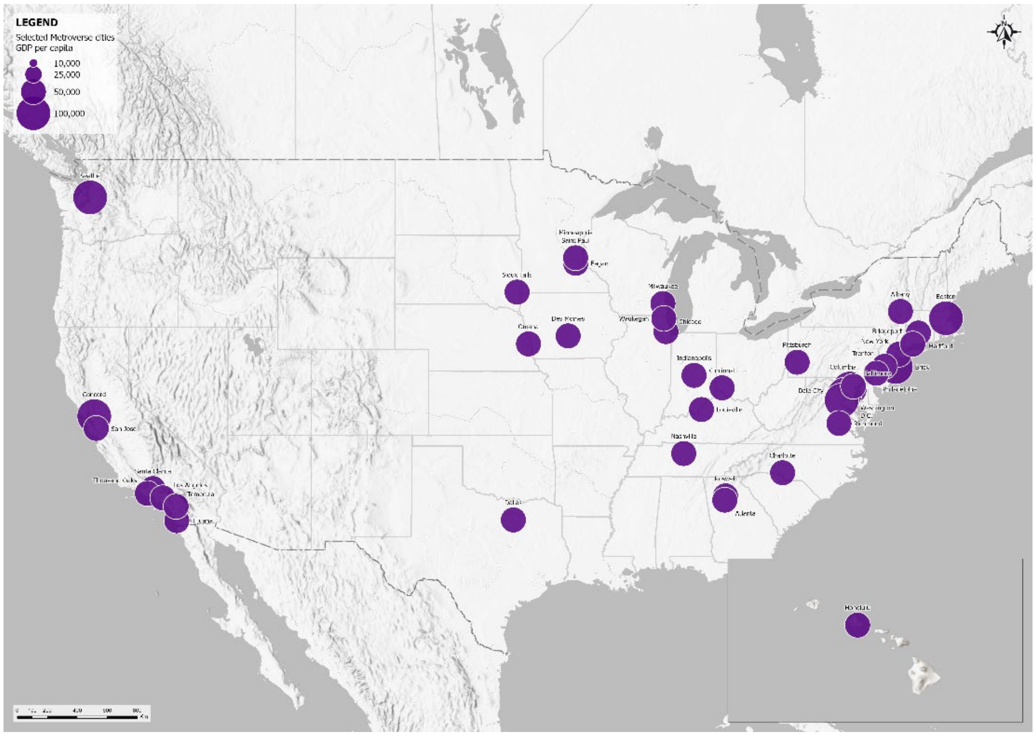
Source: EuroStat

Annex 2. Selected *Metroverse* indicators for METREX members, and for selected metropolitan areas from the US and China

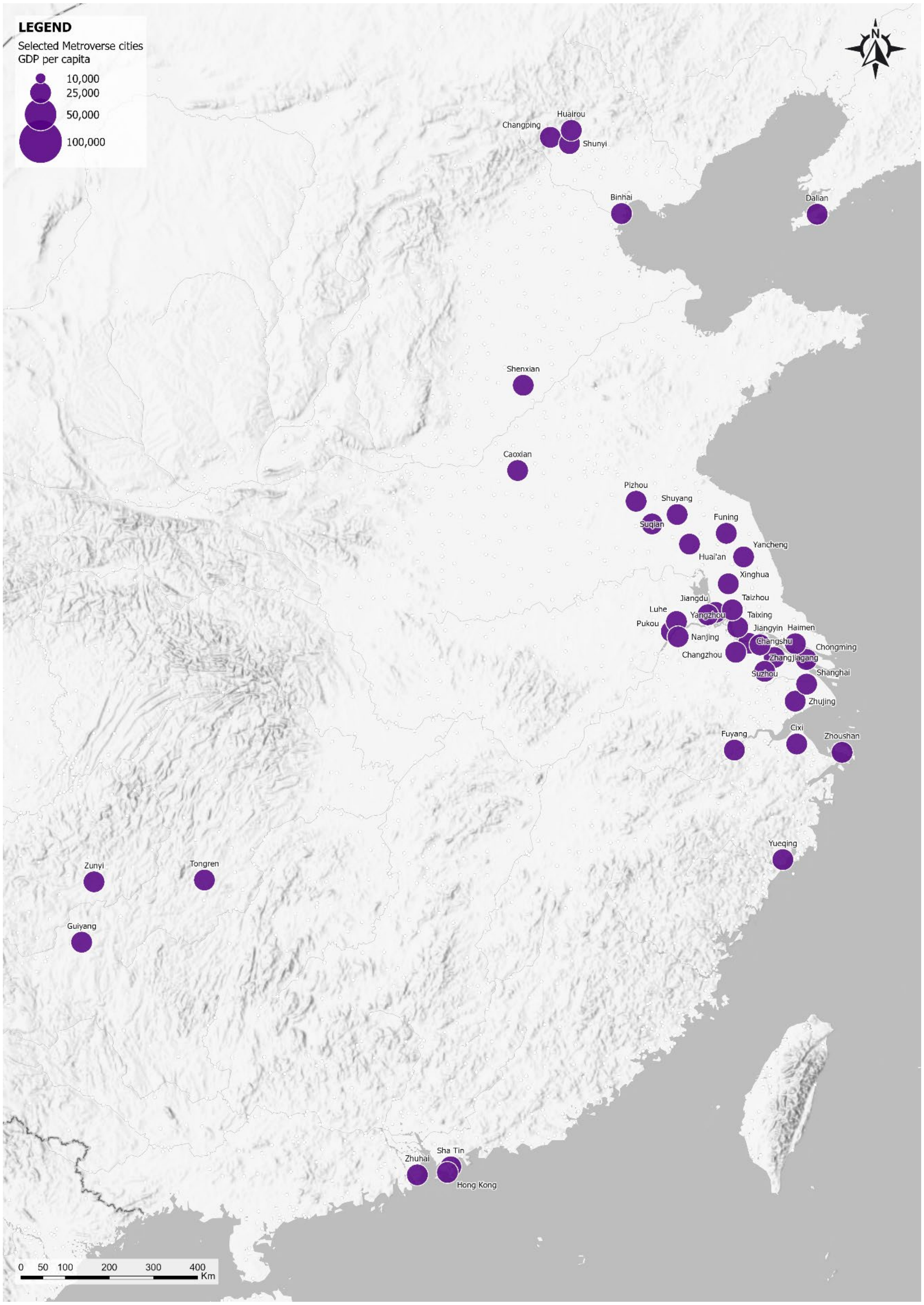
GDP per capita for METREX members



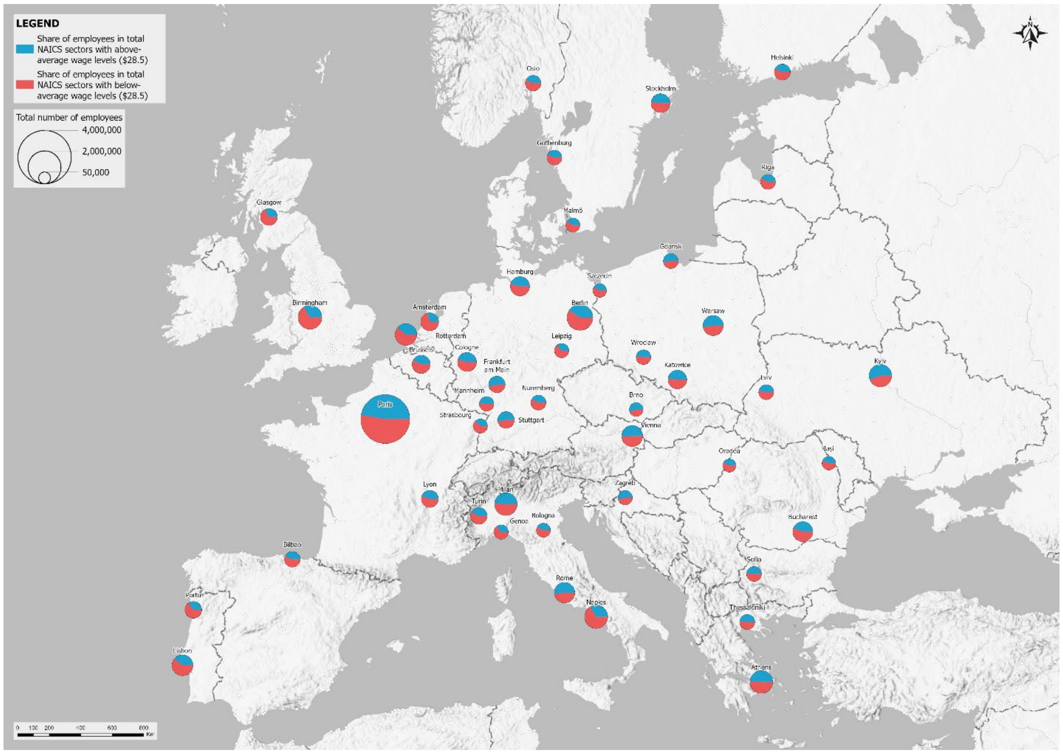
GDP per capita for selected US metropolitan areas



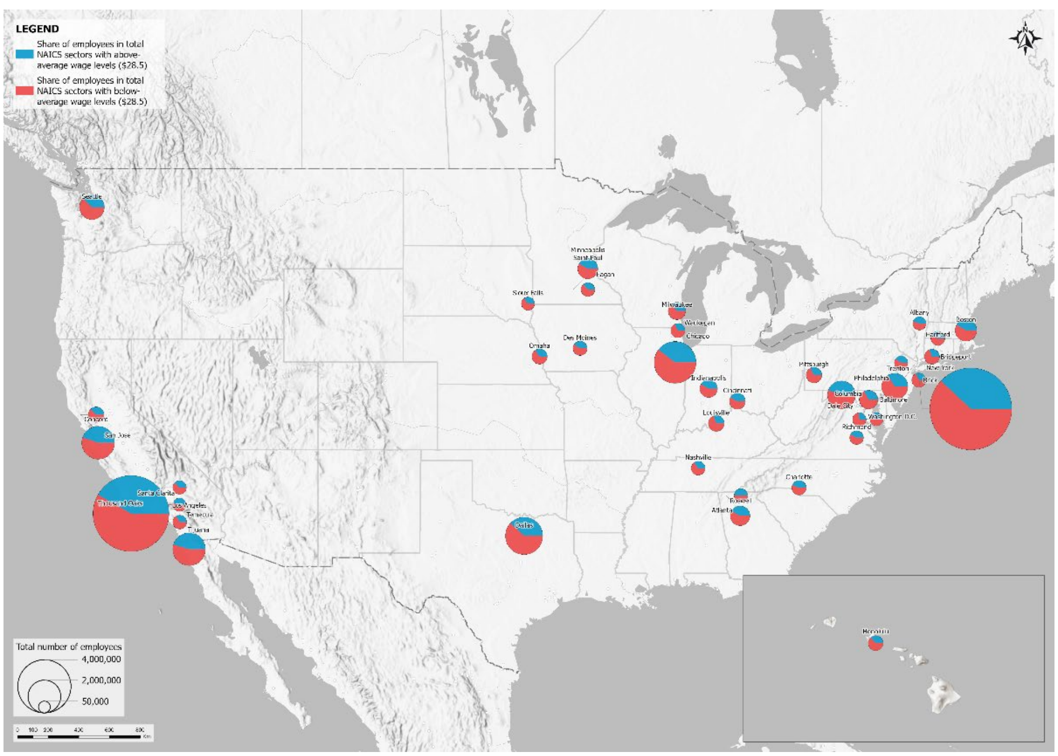
GDP per capita for selected Chinese metropolitan areas



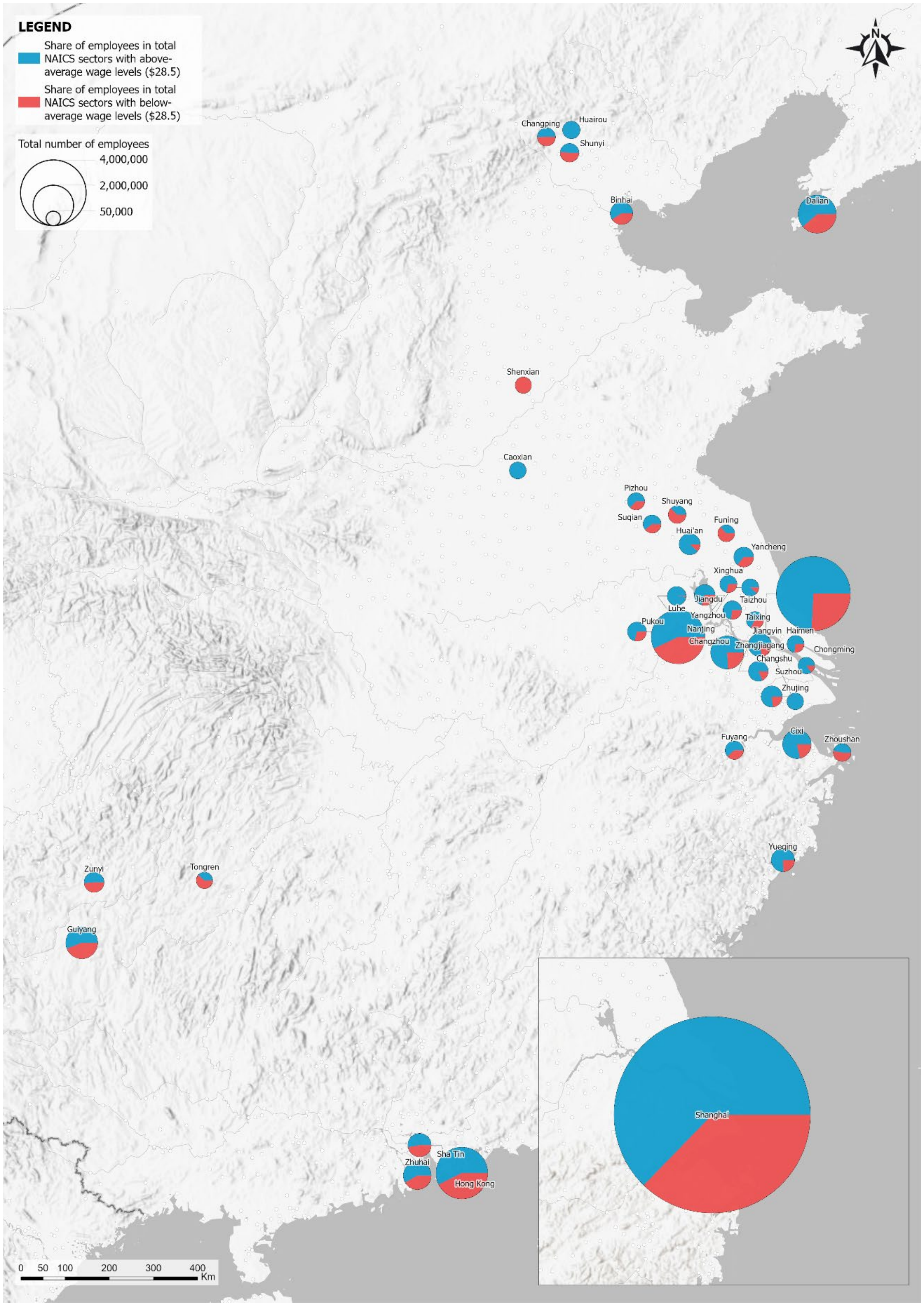
Share of total labor force engaged in sectors with above-average salaries, for METREX members



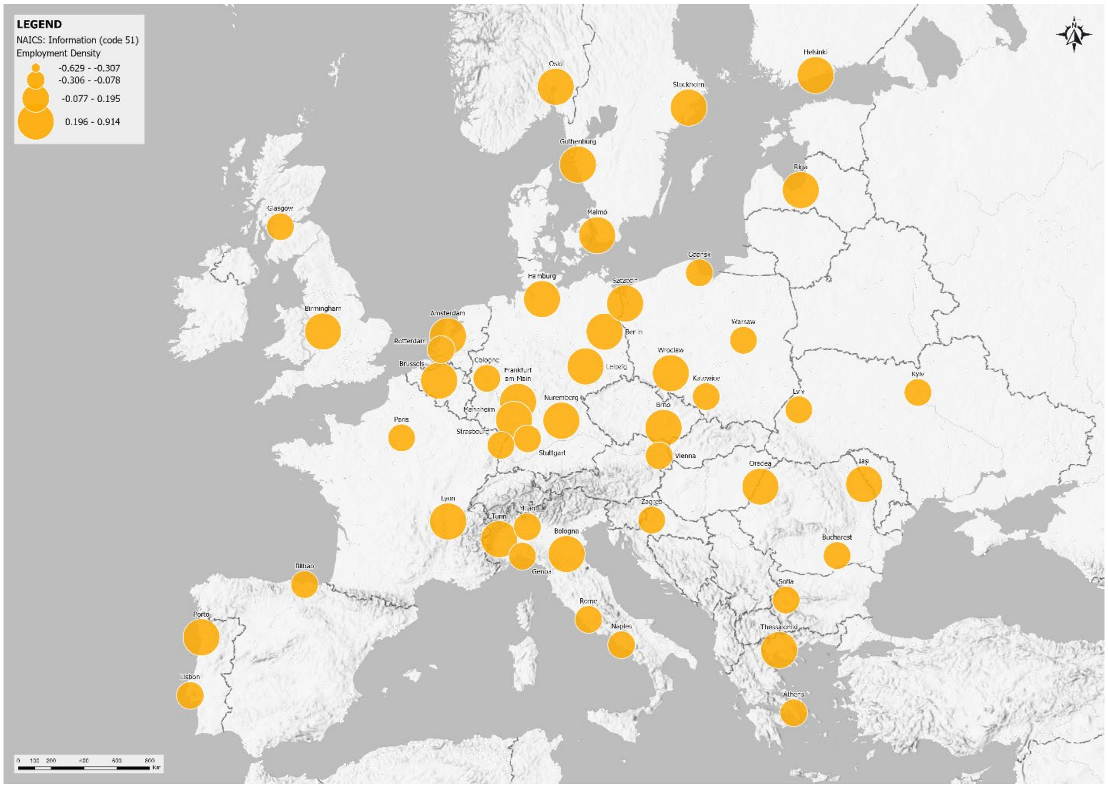
Share of total labor force engaged in sectors with above-average salaries, for selected US metropolitan areas



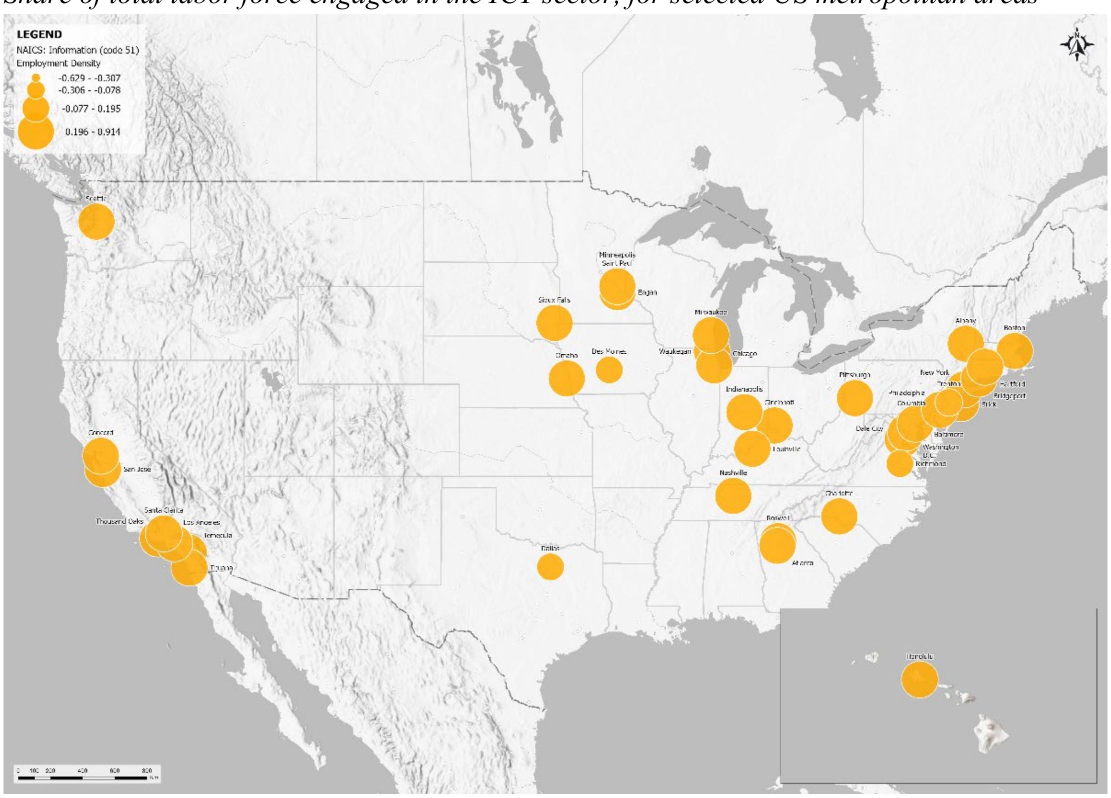
Share of total labor force engaged in sectors with above-average salaries, for selected Chinese metropolitan areas



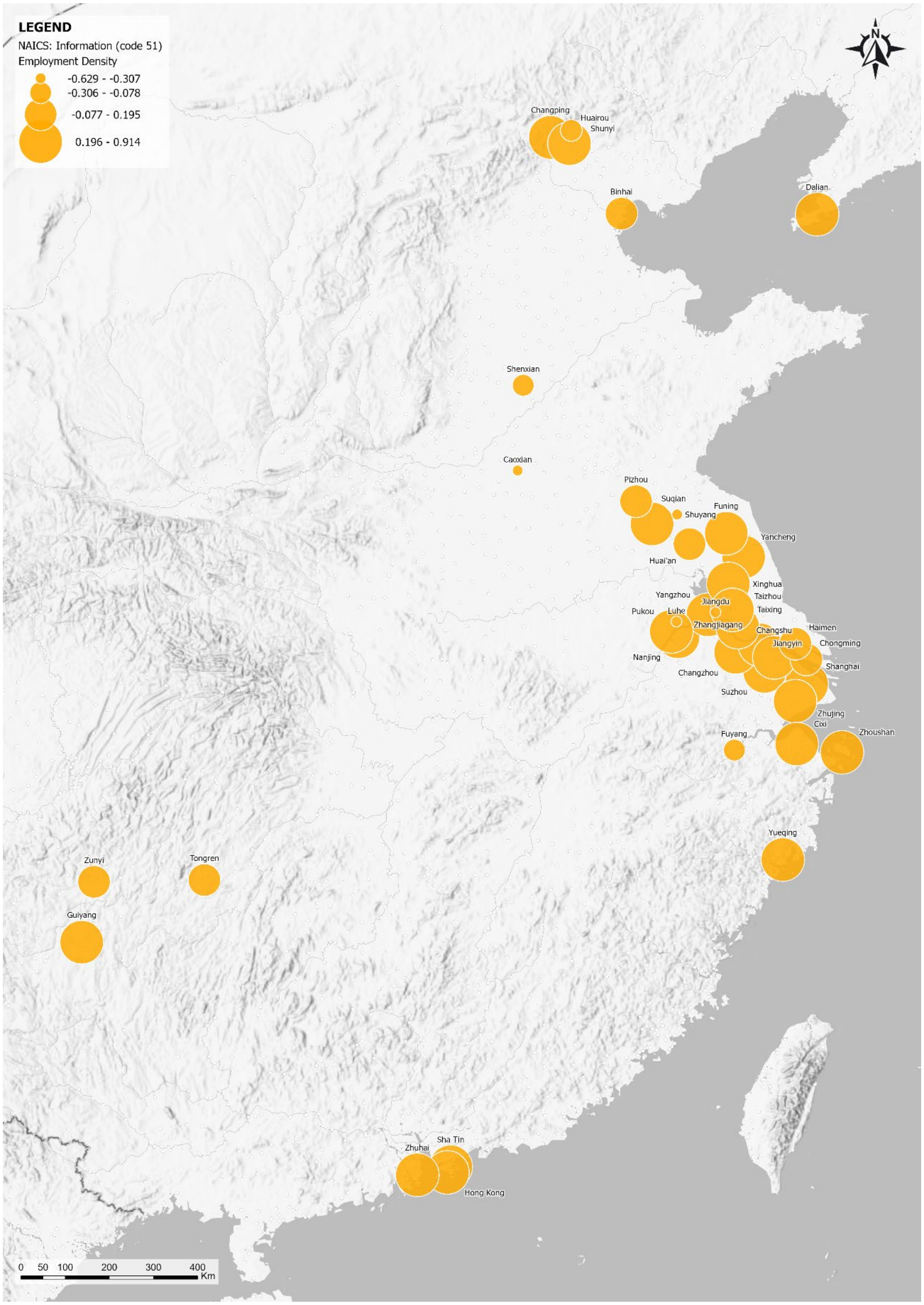
Share of total labor force engaged in the ICT sector, for METREX members



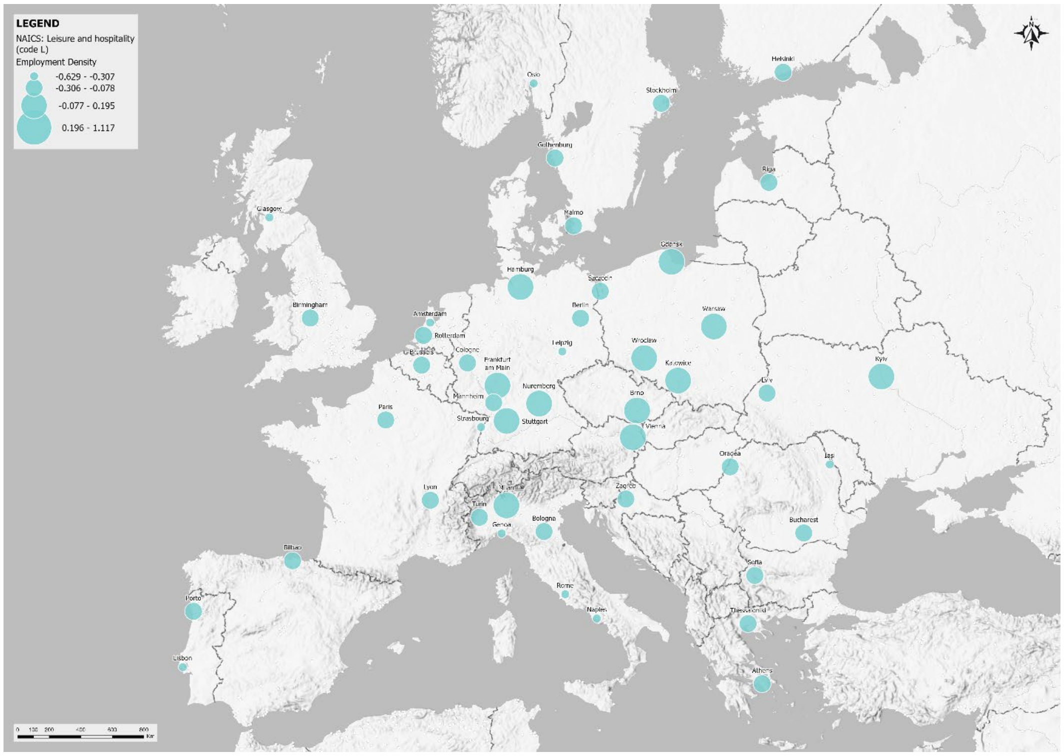
Share of total labor force engaged in the ICT sector, for selected US metropolitan areas



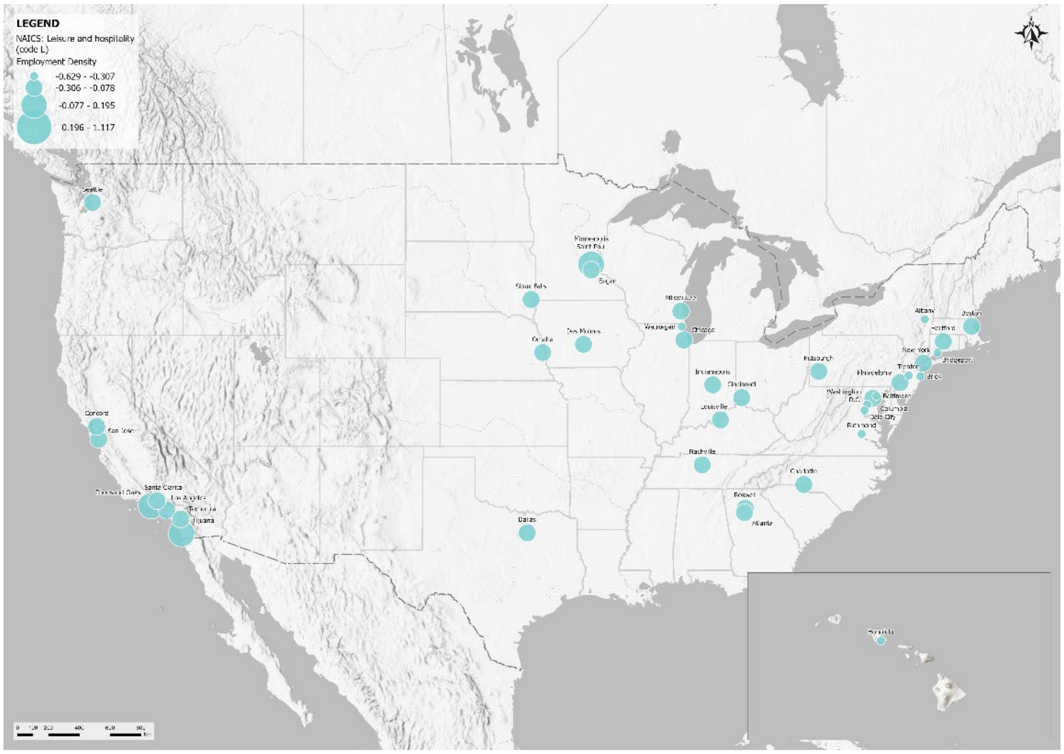
Share of total labor force engaged in the ICT sector, for selected Chinese metropolitan areas


LEGEND
NAICS: Information (code 51)
Employment Density
-0.629 - -0.307
-0.306 - -0.078
-0.077 - 0.195
0.196 - 0.914
N
Changping
Huairou
Shunyi
Binhai
Dalian
Shenxian
Caoxian
Pizhou
Suqian
Shuyang
Funing
Yancheng
Huai'an
Xinghua
Taizhou
Taixing
Yangzhou
Jiangdu
Pukou
Luhe
Zhangjiagang
Changshu
Haimen
Jiangyin
Chongming
Nanjing
Changzhou
Shanghai
Suzhou
Zhujing
Cixi
Zhoushan
Fuyang
Yueqing
Zunyi
Tongren
Guiyang
Sha Tin
Zhuhai
Hong Kong
0 50 100 200 300 400
Km

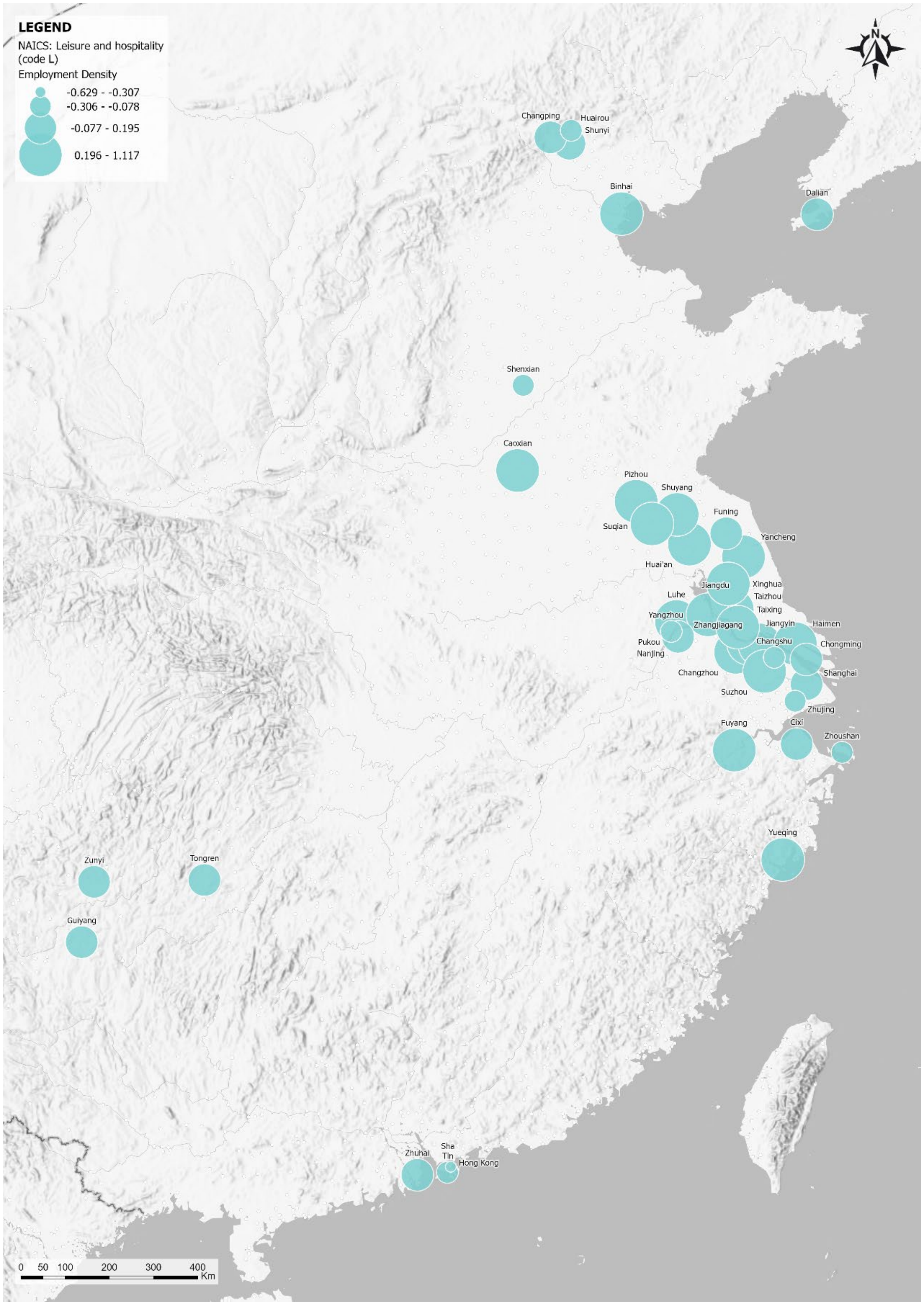
Share of total labor force engaged in the Leisure and Hospitality sector, for METREX members



Share of total labor force engaged in the Leisure and Hospitality sector, for selected US metropolitan areas



Share of total labor force engaged in the Leisure and Hospitality sector, for selected Chinese metropolitan areas


LEGEND
NAICS: Leisure and hospitality (code L)
Employment Density
-0.629 - -0.307
-0.306 - -0.078
-0.077 - 0.195
0.196 - 1.117
Changping
Huairou
Shunyi
Binhai
Dalian
Shenxian
Caoxian
Pizhou
Shuyang
Suqian
Funing
Yancheng
Huai'an
Jiangdu
Xinghua
Taizhou
Taixing
Luhe
Yangzhou
Zhangjiagang
Jiangyin
Haimen
Pukou
Nanjing
Changshu
Chongming
Changzhou
Shanghai
Suzhou
Zhujing
Fuyang
Cixi
Zhoushan
Yueqing
Zunyi
Tongren
Guiyang
Zhuhai
Sha Tin
Hong Kong
0 50 100 200 300 400 Km