



IDEASLAB

2-3 MARCH 2026



THAT'S A WRAP ON IDEAS LAB 2026

2026 began with the US armed intervention in Venezuela, followed closely by Europe being forced to support Greenland and Denmark after the Trump administration stepped up its efforts to acquire the semi-autonomous Arctic territory. Just two days before the start of Ideas Lab 2026, the US and Israel began a new campaign against Iran, which has since morphed into a regional war that's threatening the stability of the entire global economy. Meanwhile, the war in Ukraine rumbles on with no end in sight.

As the EU works to adapt to this tumultuous international situation, discussions around competitiveness, security, sustainability, strategic autonomy and other pressing policy challenges are only becoming more urgent.

And that's where CEPS' flagship Ideas Lab comes in. For its 13th edition from 2-3 March 2026, we once again brought together hundreds of speakers and participants from across Europe (and beyond) to debate these challenges and work towards solutions that could help light the path ahead. With overall attendance going far beyond past editions, we welcomed almost 900 representatives from international institutions, policymakers, academia, industry and civil society.

Still proudly the largest annual forum on EU policymaking, this year featured six plenaries (including a hastily assembled one on the new conflict in the Middle East, the impact of tariffs on global trade, the US intervention in Venezuela, and what these developments means for the EU and transatlantic relations) and over 20 smaller, more intimate lab sessions, covering a plethora of policy areas.

These included everything from global health resilience to the latest developments in AI adoption and digital policy, democracy, the rule of law and freedom of expression, migration policy, quantum computing, international partnerships, Ukraine's recovery and carbon credits, all the way through to the ongoing negotiations over Horizon Europe and the post-2028 Multiannual Financial Framework, and how Europe can reclaim its historic role as a global science power.

This report provides a summary of each plenary and a thematic roundup of all the key themes discussed throughout the lab sessions. And, with CEPS' motto to 'think ahead for Europe' in mind, we very much look forward to seeing you in 2027.

Andrea Renda
CEPS Director of Research



The 13th CEPS Ideas Lab was another high mark on thought leadership and a perfect snapshot of CEPS' daily work in almost all policy domains. Calls for more European leadership - especially during a time of deep global uncertainty - shouldn't lose sight of the need for in-depth discussions and a thorough analysis of policy problems and solutions. This is what Ideas Lab offers, giving experts the chance to get the latest pulse on the wider debates in the plenaries but also to actively participate in the specialised lab discussions.

Karel Lannoo, CEPS CEO

2026 KEY FIGURES



HIGHLIGHTS FROM THE PLENARY SESSIONS

Freedom of expression – a modern ‘leviathan’?

Freedom of speech is a pillar of our societies and the international system, based on sovereignty and the rule of law. Yet it has never been so weaponised. Freedom of expression is a double-edged sword: it aims to protect the voices of marginalised groups, but it can also be used as a Trojan horse for hate speech.

So, how can we protect freedom of expression while mitigating any potential social harm? The answer should be that freedom of expression is based on the truth. Oversight is essential, and restrictions should apply in extremes cases, such as revisionism.

The EU's Digital Services Act (DSA) aims to protect freedom of expression, but its effectiveness is questionable, especially in digital spaces. The DSA should be fully enforced and its effectiveness monitored to ensure that it strengthens – rather than narrows – democratic debate. Any restriction of the freedom of speech should be evidence-based, and overly broad rules risk either failing or over policing.

More efforts can also be made on education and media literacy that encourages critical thinking. In a digital era marked by algorithmic echo chambers, disinformation spreads fast and deep, and critical thinking is... well, critical. Online platforms should also enforce transparent rules and promote accountability.

Freedom of expression is – or should be – one of our most fundamental rights. It led to great gains for marginalised and discriminated groups and so must be protected from those who seek to destroy it or use it to push their own agenda.

To watch the full plenary session, please click [here](#).

”

If facts themselves become optional, democracy collapses into ideological storytelling.

Julie Majerczak
Reporters Without Borders

”

The freedom of expression is a pillar of our societies and yet it has never been so weaponised.

Shada Islam
The New Horizons Project

”

The idea of free speech was to protect those without power... Today, those leading the debate claiming that freedom of expression is curtailed are the rich and powerful.

Daniel Freund
Member of the European Parliament

What future for Europe's security architecture?

In the current geopolitical climate, Europe can no longer assume that NATO – effectively the US – will systematically guarantee its defence and security. This doesn't mean that NATO should be replaced. Rather, its 'European pillar' should be strengthened. Europe should take the lead in providing most of NATO's conventional military capabilities, while the US provides strategic assets. In short, Europe should be ready to fill in the gaps should the US reduce its role.

Yet as things stand, Europe still heavily relies on American strategic enablers. European defence industries are fragmented across national borders, while funding is uneven. It's essential that integrated capacities are built within a pan-European defence project.

To achieve this, Europe may well need new institutions. There is growing interest in creating a 'European Security Council' which would include the EU Member States as well as partners such as the UK and Norway, and possibly even like-minded countries such as Turkey, Canada or Japan.

Another key aspect of the 'Europeanisation' of NATO is defence spending, industrial capacity and manpower within Europe. If the EU Member States honour their pledges, defence spending could reach up to EUR 6.5 trillion by 2029. The challenge, though, is ensuring investment is coordinated and effective. Shortages in military personnel should also be addressed.

While there are shortcomings, Europe must urgently build a more autonomous, integrated and efficient defence framework to prepare for an uncertain future.

To watch the full plenary session, please click [here](#).

”

Why are we having this conversation? It's because Russia represents a threat; Trump represents a threat; and, an unspoken reason, there's a growing threat from within.

Nathalie Tocci
Istituto Affari Internazionali

”

We are experiencing a “decade of danger” in Europe and we need the Americans to stick around; but we also need to build a “European NATO”. And we shouldn't forget that a nuclear deterrent does exist in Europe – from the UK and France.

Lord Peter Ricketts
GCMG, GCVO

”

Being asked to take on the responsibility for defending the European continent is still a novelty, and we need to build our capabilities... Europeans though are quite lazy and haven't met their targets to date.

Commissioner Andrius Kubilius
European Commission



Project 2028: completing the single market

Completing the single market is essential for Europe's competitiveness and geopolitical resilience, so that it can respond to global pressures, especially from the US and China. Yet the EU's ability to mobilise its substantial economic and industrial strength is weakened by fragmentation. Rather than engaging in complex treaty negotiations, the EU can address this by advancing integration through interinstitutional agreement and a concrete policy package to complete the single market by 2028.

Despite decades of European integration, the single market remains fragmented in key areas. It still suffers from barriers that act like internal tariffs, while the EU is losing ground in global corporate leadership. Current ideas include expanding EU-denominated joint debt and creating a European safe asset to deepen capital markets and foster competitiveness. Introducing a '28th regime' may support innovation and public procurement.

However, market integration must not appear to weaken social or regulatory standards. Linking the single market to citizens' everyday concerns – such as jobs, skills, education and economic security – is essential for maintaining public support. Meanwhile, willing countries can help drive progress when unanimity cannot be achieved, a comeback to the older idea of a 'two-speed Europe'.

Moving from a common, then single, to a truly unified 'one market' is essential for Europe to safeguard its competitiveness and political relevance, and deeper integration will deliver for its citizens and global resilience.

To watch the full plenary session, please click [here](#).

”

From common market to single market, to one market – that's the only way to respond to Trump; one Europe, one market... if we're not able to unite [the single market], then it'll be impossible to mobilise our energies.

Enrico Letta
former Prime Minister of Italy

”

We have to speak about people's daily lives... to them, the single market looks like a Roblox game – there's no end [to the game], there are always changes, you don't know if you can control the rules, you don't know if you'll be allowed in the chatroom, or if you can even play the game.

Victor Negrescu
Vice-President, European Parliament

CEPS #CEPSlab2026
IDEASLAB



A ‘new’ war in the Middle East – what next for transatlantic relations?

The joint US-Israel war on Iran is a clear violation of Articles One and Two of the UN Charter, yet this legal breach hasn't been sufficiently highlighted. While it condemned the war, the EU's reaction isn't sufficient from the standpoint of international law, especially as the US-Israel aggression ignores the foundational principles of sovereignty.

The conflict also raises questions about the EU's security and defence, especially in Cyprus. But who does this war benefit? It's hard to say but the losers, though, are many: Donald Trump (if the war causes the Republicans to heavily lose in the midterms), the Gulf States, of course the Iranian people, but also the rules-based international order.

Years of diplomatic investment now face severe strain as Iran crosses the line by targeting infrastructure, energy facilities and tourist attractions. Meanwhile, as no credible opposition exists in Iran, the chances of regime change and the establishment of a democratic government seem unlikely. It's more plausible that there will be continued clerical or even military rule in a post-conflict Iran.

As enforcing international law seems ever more difficult, the EU is gradually derisking from the US by developing partnerships with the Mercosur, India and the Comprehensive and Trans-Pacific Partnership countries. The current EU-US trade deal (agreed in 2025) is dysfunctional and further underscores the need for European strategic autonomy.

The EU must lead by example by defending international law, reinforcing its security and defence architecture and creating alliances based on stability rather than short-term gains.

Without clear mechanisms protecting international law, the alternative is a fragmented world where raw power dictates outcomes, not values.

To watch the full plenary session, please click [here](#).



Why now? ... Donald Trump and Benjamin Netanyahu have elections a few months from now. Both are in trouble at home.

James Moran
CEPS



Rewriting the future of industrial strategy

An effective industrial strategy cannot be assessed exclusively by its individual components – it needs to be considered as a whole. Thoughtful coordination is essential. The end goal of industrial policy is production, and the end goal of production is funding the state – and not the other way around.

Industrial policy should also be directed towards AI and the digital economy as even with rapid technological progress contrasts we've witnessed a decline in general productivity. Designing and implementing digital public infrastructures could help shape long-term investments, set standards and address legal challenges. Any potential private return on investment will depend on the infrastructures' effectiveness.

The World Bank's experience shows that most countries that need an industrial policy lack market size, governance or resources for implementation. The EU spends 3 % of its budgets on subsidies, but only 0.5 % on research and development (R&D). The EU excels in mid-tech industries but is far behind the US in high-tech and software. More funding towards R&D would help bridge the gap.

In China, innovation and industrial policy are closely linked, while the EU's innovative companies often struggle to scale up their activities. Market size is a priority, but implementing innovation remains a challenge. The EU is good at diagnosing problems but less so at executing solutions. Governance fails to link internal and external priorities. The absence of long-term demand signals – such as procurement policies – undermine the EU's credibility as a strategic lab for industrial innovation.

Finally, whilst the EU's market size is comparable to the US, private capital and investment – particularly from pension funds – are underdeveloped. Strengthening these mechanisms is crucial to fostering both modern and large-scale innovative companies.

To watch the full plenary session, please click [here](#).



Industrial strategy is a dish – you can't evaluate the ingredients; you have to evaluate the dish.

Ricardo Hausmann
Harvard University



Making Europe a leader in the next era of scientific discovery

Europe has strong scientific foundations, yet it's struggling to translate discoveries into real world benefits. Strengthening the direct links between scientific research, innovation and societal application is crucial. Europe must leverage its scientific expertise and innovation potential to safeguard its future.

That's because the continent is one of the world's most resource-poor regions, which previously forced it to concentrate its R&D on resource management and circularity models. Consequently, Europe is the world's leader in the circular economy – and that's why its competitiveness should be built around these strengths.

Alongside this, Europe should address raising challenges that could create bottlenecks for scientific research. The rapid digitalisation of society created enormous amounts of data, yet because of privacy concerns, regulation and public mistrust, the ability to access data is actually shrinking – raising the risk of a 'data winter'. While data access and utilisation should be protected and regulated, Europe should suggest new governance models and new professional roles, such as 'data stewards'.

While fostering Europe's leadership in scientific research, the current global geopolitical context doesn't help, the post-Cold War consensus continues to fade and funding is repurposed away from research. Europe risks getting stuck in a 'mid-tech' trap in sectors such as automotive and circularity, where it's historically strong but will lag competitors such as China and the US in terms of innovation.

Scientific minds tend to go where both excellent research environments and strong values coexist. This is where Europe can sustain its position as a leader for scientific discovery. But it's essential that Europe works to maintain academic freedom, attract global talent, foster collaboration and communicate results to the wider public.

To watch the full plenary session, please click [here](#).

”

Europe is leading in circular economy technology... For EU innovation, we need to maximise resource use efficiency, focus on circularity and identify future bottlenecks.

Katherine Richardson
University of Copenhagen

”

Since the Enlightenment, there has been some kind of [state] funding to science; this principle is no longer working... there's now no guarantee that science will get the money.

Christian Ehler
Member of the European Parliament

A THEMATIC ROUND-UP - KEY INSIGHTS FROM OUR VARIOUS LAB SESSIONS

DIGITALISATION AND INNOVATION

As the EU continues to fund research, it needs a more coordinated and innovative approach for these efforts to be worthwhile. Success depends notably on stronger collaboration with Member States to overcome existing challenges. More support for start-ups is essential, as public funds can help scale innovative companies, creating value for both the public and private sectors.

The EU research programmes should remain independent and committed to high evaluation standards to ensure evidence-based policymaking. While the proposed EUR 175 billion budget for FP10 is insufficient, the focus shouldn't just be on budgetary concerns but also effective governance.


The European Research Council (ERC) offers valuable lessons, particularly in maintaining independence and scientific leadership. Yet Europe's broader technology gap remains an issue: while the EU leads globally in research output, it only holds about 10 % of AI patents, compared to 30 % for the US and 27 % for China. The pipeline from research to market remains broken, despite concrete progress in digital strategy milestones.



The EU Tech Business Offer, now in its startup phase, focuses on advocacy, pilot projects and matchmaking to demonstrate EU capabilities and connect companies with local partners. Yet collaboration asymmetries persist. Europe's competitive advantage lies in trusted connectivity, but this must be paired with industrial assertiveness and aligned financing to avoid inadvertently promoting high-risk suppliers. Building trust in Europe's execution power requires better marketing, clear KPIs, and regulatory relief for startups. A potential differentiator could be sector-specialised AI models leveraging Europe's unique data in welfare, healthcare, and education, developed in partnership with Japan, India, or Singapore.

Yet these efforts are restrained by Europe's fragmented institutional framework, where capital markets are misaligned with governance structures that prioritise process over speed. China has committed over EUR 50 billion to quantum developments, while US pension funds have long driven venture capital investment. In quantum computing, Europe must smoothen its private-funding ecosystem by fostering synergies among policymakers, industry and academia.

The EU's need for coordination and innovation notably extends towards cryptography. The post-quantum cryptography (PQC) transition is a systemic challenge demanding coordinated action across Europe. While the roadmap sets milestones and deadlines, it falls short in defining how different actors should align their efforts. Transitioning to PQC isn't just about replacing algorithms; it requires updating digital infrastructures, ensuring interoperability, adapting legislation, and fostering organisational readiness.



Yet Europe's cryptographic governance faces structural gaps. The EU lacks a unified cryptography policy, often deferring to external standards. The absence of a shared list of recommended algorithms leaves companies without clear guidance, which means the PQC transition could be delayed.

This transition is unfolding against the backdrop of a global race in quantum technologies, where the trajectory suggests that quantum capabilities capable of breaking current cryptographic systems could emerge within the next decade.

There are several structural challenges before quantum solutions can be fully commercialised: talent retention, scaling startups and regulatory fragmentation across the Member States. Solutions include a European Quantum Act to provide long-term investment signals, reduce compliance uncertainty and coordinate technological developments.

These systemic challenges are further caused by regulatory complexity. Simplification is a priority but the focus must be on simplifying the right things in the right ways. Regulatory burden can be reduced by eliminating repetition and resolving conflicts between data protection and consumer safeguards, without compromising fundamental rights.

Technological sovereignty is an urgent objective, but reform must be driven by civil society and companies with firsthand experience of what isn't working. Europe's strength lies in its ability to set and enforce standards. Without addressing these interconnected challenges, Europe risks falling further behind in the global technological race.

AI

The EU's Apply AI strategy, launched in July 2023 aims to accelerate the use of 'European AI', particularly in SMEs and the public sector. While Europe excels in AI research, it struggles with diffusion and large-scale uptake. The strategy's focus on acceleration mustn't come at the expense of European values or public trust; it's about maintaining a European way of life while driving economic transformation.

This need for strategic focus becomes even more urgent as AI evolves. The rise of agentic AI marks a shift from chatbots to reasoning models systems, and now to agentic systems that can plan, use tools and execute tasks with minimal human supervision. While the tech is ready, organisations are not. Agentic systems already work well in coding and office workflows, but the real challenge lies in whether companies redesign their processes to integrate AI, rather than merely layering it onto existing workflows.

Europe's weakness is not in research but in commercialisation and coordination. Fragmented markets, slower execution and difficulties in concentrating talent hinder progress. Agentic AI could disrupt labour markets and institutions, reducing entry-level roles, demanding constant regulatory updates, and forcing societies to rethink education, work structures and wealth distribution. The transition requires more than technological readiness; it demands organisational and societal adaptation.

Yet as Europe works to harness AI's potential, it must also address its digital divides. A good example of this is the exclusion of indigenous languages. Of the 7 000 languages spoken worldwide, only 1 000 are represented digitally, leaving entire communities without access to AI tools. Big tech platforms exacerbate this issue by acting like gatekeepers.

A legal framework within the EU could force platforms to open their language infrastructure without requiring support for every language individually. However, tech alone isn't enough. It requires funding individuals to record and systematise their languages. Digital inclusion mustn't come at the cost of cultural erasure. Connectivity in indigenous areas risks accelerating the dominance of majority languages. Community consent models, custodianship of cultural heritage, and youth engagement initiatives are essential safeguards.

Europe's ability to lead in AI depends not only on technological and linguistic inclusion but also on nurturing its human capital. The concept of brain capital bridges science, psychology and the labour market economics, moving beyond traditional human capital considerations. It treats the human brain as an economic asset. The implicit policy goal should be improving brain capital across society, recognising that brain health and skills are eroding globally.

AI's intersection with brain capital is important. While AI may automate parts of the cognitive cycle, human oversight remains vital throughout the process. AI could improve labour market job matching, helping individuals find roles suited to their skills. The challenge is to ensure that AI complements, rather than undermines, the development of brain capital in an aging, crisis-prone world.

Ultimately, Europe's success in AI – in research, commercialisation or societal integration – depends on its ability to align technological ambition with human-centric values. From fostering interoperability in AI adoption to preserving linguistic diversity and nurturing brain capital, Europe must ensure that its AI strategy serves both innovation and inclusion.

The upcoming Apply AI Taskforce at CEPS will be exploring these interconnected challenges.

ENERGY, CLIMATE CHANGE AND THE ENVIRONMENT

Priorities are shifting in European energy policy. Whilst the electricity market will continue to rely on marginal pricing, reforms are aiming to improve long-term investment signals for reliably affordable electricity. Contracts for Difference (CfDs) and Power Purchase Agreements (PPAs) remain (broadly) acceptable support mechanisms to this pricing model.

To improve system efficiency and reliability, grid infrastructure and planning are now becoming central priorities. The recent Grids Package seeks better transmission integration and simplified permitting processes, though this remains largely an EU Member State competence.



Major bottlenecks are a significant challenge to the delivery of clean, affordable and reliable energy. These bottlenecks are most prominent for large-scale projects such as offshore wind, due to their scale, excessively slow permitting procedures, supply chain constraints, and the clustering of projects driven by 2030 EU targets.

Greater renewable generation, whilst remaining the fastest pathway for electrification, is leading to increased electricity price volatility. To address this, policy may need to focus more on stabilising prices rather than just on lowering them.

Energy storage is expected to play a key role in this system balancing. Alongside system flexibility, storage is increasingly critical for managing not only renewable-driven price volatility but also for reducing negative prices and mitigating price spikes. However, electricity storage deployment is being hindered by double taxation and network tariff issues.

Other pathways to electrification face their own challenges, affecting how well they can respond to Europe's short to mid-term energy needs. Nuclear faces long development timelines (>10-15 years) and solutions such as biomethane and stronger regional cooperation initiatives (e.g. the recent North Sea Energy Summit) are being explored but need to be implemented faster to be useful.

As an intermediate target on the EU's pathway to climate neutrality by 2050, the Council and the Member States agreed to aim for a 90% net emissions reduction by 2040 (vs 1990) and to allow a limited use (up to 5%) of 'high-quality' international carbon credits (pilot phase 2031-35, potential use from 2036). Beyond providing flexibility for domestic reductions, these credits could also serve as a strategic tool for strengthening partnerships.

Integrating high-integrity international credits within EU climate policy could offer opportunities such as lower-cost mitigation, mobilising finance for coal transition and clean energy replacement, and helping shape international rules for carbon crediting and accounting.

Looking beyond the benefits, expected challenges include ensuring integrity in practice (additionality, robust baselines, permanence) and avoiding past Clean Development Mechanism problems. Potential governance and transparency issues in the host countries could also prove problematic, as could conflicts with the EU's existing domestic policy landscape (including the EU ETS and CBAM).

With a limited role for international credits now part of the political consensus, the focus must now shift to how to make this role meaningful in practice, mitigating foreseeable issues by defining integrity conditions and using the pilot phase to test and refine the approach.



JUSTICE, HOME AFFAIRS AND HUMAN RIGHTS

Although it's framed as a modernised successor to the 2008 Return Directive, the EU's March 2025 Return Regulation proposal has faced criticism from human rights experts and civil society groups, who have raised concerns with implementation and human rights protections.

One of the key elements of the Return Regulation proposal – and also one of its most controversial – is the proposed introduction of 'return hubs' for migrants in third countries. Despite being put forward as a logistical solution, similar initiatives haven't been successful in practice. There are also serious concerns over the threat to fundamental rights, such as the risk of involuntary and arbitrary detention that comes with the use of these hubs, as well as the risk of third countries not abiding by their human rights commitments. The lack of an impact assessment and inadequate plans for monitoring provide further risk to the violation of human rights under this proposal.

While the EU has developed a wide range of rule of law monitoring tools – such as reports, indicators and review cycles – enforcement remains fragmented, reactive and often underused. This implementation gap has caused concerns about the EU's credibility to its rule of law commitments.

In terms of enforcing the rule of law within the EU institutions, different institutions apply different codes of conduct and oversight arrangements instead of a consistent and coherent system for all institutions. Existing oversight mechanisms such as the Ombudsman have a limited mandate and limited enforceability, as their recommendations are non-binding and ultimately depend on the EU institutions' willingness to comply.

A systematic rule of law impact assessment for legislative initiatives, strengthening transparency in the legislative process – particularly in trilogues – and ensuring that fundamental rights implications are assessed more consistently is needed to bring the EU in line with its own Article 2 obligations.

Civil society, journalists and legal professionals continue to play a key role in safeguarding rule of law standards by monitoring institutional conduct and defending fundamental rights, but they increasingly face political pressure and legal challenges.



INSTITUTIONS AND DEMOCRACY

As the EU gains new competences, democratic participation and mechanisms need to be strengthened to reconnect the EU with citizens and foster trust. The European Citizens' Initiative (ECI), one such mechanism, has faced significant challenges, both in reaching the required thresholds in Member States and in driving tangible policy or legislative outcomes. While several ECIs have drastically (but often temporarily) boosted the visibility of a given issue, often DEI-related, this momentum has never lasted.

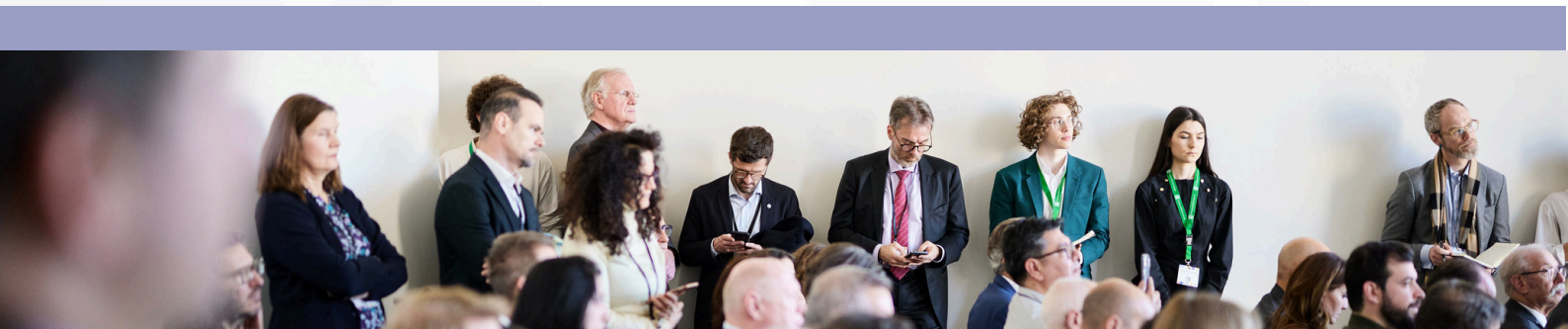
Yet the ECIs' relative ineffectiveness isn't due to a lack of public interest. Instead, they fail to deliver real policy change because of a hostile framework: many EU officials resist them and undermine their potential. There's growing concerns that the Commission is increasingly working to favour the Member States' governments, rather than EU citizens. In essence, the EU doesn't seem to recognise an EU demos.

However, forcing the Commission to respond to all ECIs could have perverse effects: influential organisations and populous Member States could potentially clog the policy agenda. The ECIs – a form of participative democracy – should be complementary to representative democracy, allowing minorities to influence the policy debate without bypassing democratically elected political majorities.



The effectiveness of the democratic processes depends on strong political leadership. Ursula von der Leyen's second term as Commission President is marked by a sense of urgency and executive initiative. But the true king maker is the EPP group, as there's no majority in either the Council or Parliament without them – and worryingly, EPP MEPs are increasingly willing to support the far right.

The 'cordon sanitaire' is slowly fading, and the EP's centre-based majority is under strain; for the progressives within the centre, sustaining the 'moderate' majority often leads to yielding to the EPP's demands behind closed doors to avoid EPP-far-right collaboration. As the EP's work becomes more complicated, von der Leyen's instinct is to centralise power and turn more to the Council and Member States. The EP's power to scrutinise and hold the Commission accountable further contributes to its cooler relationship with von der Leyen.



COMPETITIVENESS, ECONOMY AND FINANCE

We're looking at a paradigmatic shift in the Multiannual Financial Framework (MFF), especially regarding governance structure and funds. In terms of funds, there has been a change in priorities: defence, competitiveness and Horizon are seeing their funding boosted, whereas cohesion and the CAP are facing cuts.

On top of the ongoing discussions over the MFF, another major element in the quest to boost the EU's competitiveness is the reform of state aid rules – relaxing them raises concerns about fairness, given some countries have deeper pockets for industrial policy than others. There's also disagreement over the size of the budget, with some arguing it's too small for the EU's ambitions, while others stress that Member States should first get their own fiscal houses in order. Centralising decision-making at the national level may also undermine the objective of creating EU added value through cross-border investment.

Developments in external trade policy reflect a more strategic EU posture. After 26 years of negotiations, the EU-Mercosur agreement has finally been signed. The economic benefits are real but shouldn't be overstated. In the current geopolitical context, marked by trade disruption and the need to diversify partnerships, the agreement is also strategically important. For example, it secures EU access to critical raw materials such as lithium and nickel, both essential for the green transition.

The two main political points of contention – agriculture and the environment – are less alarming than public debate suggests. Much of the controversy on both fronts stems from poor communications from the EU institutions rather than substantive flaws in the deal. Once provisional application is in place, concrete results on the ground are expected to gradually shift the narrative and dispel much of the misinformation surrounding the agreement.

Beyond trade policy, similar strategic considerations are shaping the EU's approach to industrial policy. There's no argument that can be made for any industrial policy that leaves out competitiveness and resilience. Climate change, an aging population and the rise of middle powers such as Brazil and India have transformed global value chains, leading to shifts in competitiveness. The EU needs to strategically place itself within these changes through efficient industrial policies and transparent targets. This requires a long-term direction for industrial policy and clarity on where to channel investments, as stable objectives enable coordinated action and resource pooling.

At the same time, a key question is the balance between EU-level and national strategies, and how to ensure coordination and transparency. Competition policy must be redefined, highlighting what it means for the EU to be competitive and efficient. More broadly, economic efficiency shouldn't be understood only in terms of cost, but also in terms of resilience and adaptability.



These industrial and competitiveness challenges are closely linked to tax policy. Five 'mega-trends' are reshaping tax policy globally: AI and digital transformation, fiscal constraints, geopolitical fragmentation, populism and climate change. Policymakers need to understand evolving business models, integrate tax with industrial, climate and geopolitical strategies, and coordinate effectively across borders.

Looking ahead, further work on the Directive on Administrative Cooperation (DAC) is likely to focus on the scope and design of information reporting. DAC6, which requires intermediaries (and in some cases taxpayers) to report certain cross-border arrangements to tax authorities under defined hallmarks, could be streamlined, and over time the EU could move towards more centralised data-access or repository models, drawing on Nordic practices. This reflects a broader trend towards digitalisation and data-driven tax administration.

FOREIGN AND SECURITY POLICY

The Global Gateway strategy highlights Europe's urgent need to secure critical raw materials while fostering sustainable partnerships. As a geopolitical tool, the Global Gateway has been strongly Commission-driven, but the EU faces fierce competition, particularly from the US, which is eager to invest in mining projects, and China, which has been investing heavily for years.

The need for strategic partnerships extends beyond raw materials to security and enlargement. Strengthening the EU's future members requires more than mere declarations. They need credible security guarantees and a well-structured enlargement process. Ukraine needs a fast-track EU accession with a clear timeline to justify potential concessions in any ceasefire agreement. Beyond receiving EU security support, Ukraine aspires to contribute as a defence partner, highlighting the importance of mutual cooperation. Moldova, despite facing relentless hybrid attacks has demonstrated its resilience and has shared its lessons with EU institutions. This resilience provides a foundation for deeper cooperation and integration into broader EU security mechanisms.

Mutual trust and solidarity between the EU and its candidate countries must be cultivated through a properly conducted enlargement process. Fulfilling accession criteria not only protects candidate countries by preventing brain drain and business flight but also ensures integration is merit-based and sustainable.

Yet the current accession methodology, designed for the Western Balkans, doesn't fit Ukraine's circumstances. The process is further complicated by the Member States, which can block negotiations for non-merit-based reasons. Ukraine's future will ultimately shape the trajectory of EU enlargement, making it essential to adapt the process to meet its unique challenges and opportunities.



Ukraine's recovery is dependent on its ability to rebuild and modernise. Ukraine's current infrastructure, inherited from the Soviet era, is inefficient and poorly designed, limiting productivity. Instead of merely rebuilding, Ukraine could build anew, unlocking immense growth potential across sectors. However, attracting investment remains a challenge. Ukraine's reconstruction will require politically backed EU funding to incentivise businesses to invest. Without proactive support, the potential for recovery and growth may remain untapped.

As Europe focuses on raw materials, security, Ukraine's reconstruction and potential new members, its attitude towards Gaza presents a stark contrast. Despite widespread destruction – with approximately 80 % of buildings demolished, 1.9 million individuals displaced and 98 % of them living below the poverty line – there has been no meaningful improvement under the recent ceasefire. Israel's plans to end Palestinian presence in historic Palestine, combined with increased IDF activity, restricted NGO operations, and withheld tax revenues, further exacerbate the crisis.

The EU has struggled to implement effective measures. Proposals to suspend trade with illegal settlements, for example, remain unacted upon. While the EU-Israel Association Agreement could be partially suspended without unanimity, comprehensive suspension is politically unfeasible.

Meanwhile, international attention has shifted towards Iran. The Palestinian Authority, sidelined during the inaugural meeting of President Trump's Board of Peace, faces further marginalisation as Israel exploits the 'fog of war' to create new realities on the ground.

The EU must move beyond declarations and take decisive action. Without a coherent strategy, the EU will remain a bystander rather than a meaningful partner in addressing one of the most pressing humanitarian and geopolitical challenges of our time.

HEALTH

The Global Health Resilience Initiative (GHRI), announced in September 2025, remains largely undefined in terms of governance and scope. It's expected to promote health sovereignty among partner countries, marking an important shift in the EU's vision for global health.

To be effective, the GHRI must prioritise transition and long-term self-sufficiency. This includes addressing the growing burden of non-communicable diseases, particularly in Africa, where health system strengthening and capacity building remain a priority. Past global health programmes, such as those targeting HIV and malaria, were often siloed, designed vertically and created dependency by displacing domestic investment. Future approaches should work to strengthen integrated and sustainable health systems.

A major challenge is many countries' continued reliance on imports for medicines, vaccines and essential health products. EU initiatives aim to support local manufacturing, regulatory strengthening and demand aggregation. However, global supply chains remain highly concentrated, underscoring the need for more balanced and reciprocal research and innovation partnerships.

Data sovereignty is another critical issue. Recent disruptions have highlighted the risks of external control over health data, reinforcing the need to ensure that data generated through EU supported programmes remain accessible to partner countries as a public good.

At the same time, internal constraints within the EU, including Member State vetoes and institutional fragmentation, have undermined its ability to act as a consistent and trusted partner. While multilateralism remains essential and the EU has played a key role in advancing it, many countries are increasingly turning to bilateral arrangements due to their more immediate and tangible benefits. Bilateral cooperation can be valuable, but risks becoming transactional if it replaces, rather than complements, multilateral engagement.

Overall, the GHRI's success will depend on its ability to support self-sufficiency as well as to work alongside local partners and countries, strengthen local capacity and balance bilateral and multilateral approaches to advance sustainable health sovereignty.

Health diplomacy needs a refresh: largely stagnant and based on outdated structures and conceptions. Equally, the prevailing partnership model requires rethinking as partners increasingly assert health sovereignty and demand investment-based engagement rather than philanthropic aid. Meanwhile, the rise of regionalisation in global health governance shouldn't hollow out multilateral institutions; there's no inherent contradiction between sovereignty and effective multilateral cooperation, provided the two are designed to complement each other.



THANK YOU TO OUR SPONSORS

Ideas Lab offers the opportunity to align your organisation with the leading European policy networking event in Brussels. There are support opportunities available to suit varying budgets and to focus on brand visibility, expert insights and high-level networking. A big thank you to our sponsors for Ideas Lab 2026!



Authors

Keziah Edgoose and Julien Libert

The authors would like to thank the following for providing the material to draft this report: Agustina Korenblit, Andrea Renda, Carolina Polito, Daniel Cassidy-Deketelaere, Davide Colombi, Deniz Tekin, Fabian Kuzmic, Francisco Rios, Gaia Cavaglioni, Gustavo Quintana Cabrera, Harry Crichton-Miller, Jacob Griffith, Juliá Pócze, Katja Spanz, Karel Lannoo, Leonie Kunze, Malte Wolski, Martina Giani, Mirili Arjakas, Monica Thorne, Niklas Hager, Paula Gürtler, Petra Varkonyi, Rukudzo Nyoka, Sergen Kizilhan, Swann Ashworth and Timothy Yeung.

Pictures credit: FRANCOIS DE RIBAU COURT PHOTOGRAPHY



IDEASLAB



ideaslab.ceps.eu



ideaslab@ceps.eu