

EXCLUSIVE INSIGHTS - June 2026

Implementing the Draghi Report: The Moment of Truth



Some reports define an era. Mario Draghi's 2024 report to the European Commission is one such. Not because it caught anyone by surprise—Europe's global decline was obvious to all—but because it possessed a rare clarity, offering both a comprehensive diagnosis and a precise roadmap. It was a call to action that no one could ignore.

Almost two years later, where do we stand? Institut Montaigne sought to find out by tracking more than 560 recommendations across the EU's legislative and nonlegislative texts against Draghi's timeline. The result? A 30 percent implementation rate. This figure, which is surprisingly high given the widely lamented inertia of the EU Member States, requires a nuanced interpretation.

The Commission did deliver on some fronts, even beating expectations: a new competitive stance, electricity market reform, new collective economic security defensive tools, and a push for European-preference rules. That is no small achievement. But the hardest part is still ahead: reforming governance, breaking down capital market barriers, and resolutely addressing strategic dependencies. On these issues, the ambition isn't quite there, and acting as a unified bloc of twenty-seven states requires a level of trust and flexibility that is currently missing.

Draghi didn't just draft a report—he asked Europe an existential question: Can we actually become a true power in a world redefined by hegemony? While Europe procrastinates over how to protect itself, its competitors—both allies and adversaries—are deciding, advancing, and dominating. The economy we once believed served the cause of peace has now become an instrument of force—whether to weaponize our current interdependencies or to fuel a new technological arms race.

The collective awakening has occurred, and we are now past the stage of contemplation. The easy part is done; the difficult part still waits. How we will engage these recommendations, with what celerity and determination, will decide the fate of Europe for the next decade, at least.

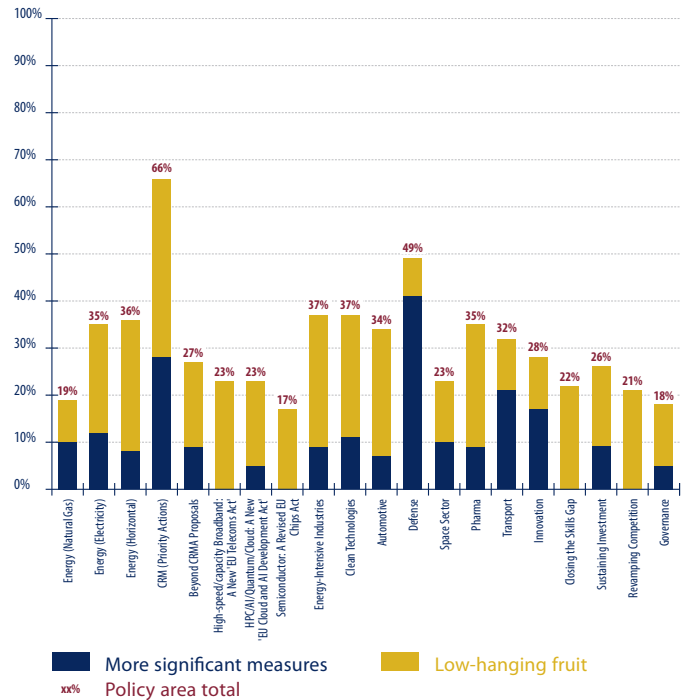
Marie-Pierre de Bailliencourt,
Institut Montaigne's Managing Director

Mario Draghi’s landmark report on the future of European competitiveness sent shockwaves across Europe in the summer of 2024. It offered a stark assessment of a continent falling behind in economic performance and productivity in the face of a rising China and a more assertive United States. Against the backdrop of the accelerating erosion of the post-Cold War, rules-based international order—already declared “defunct” by Draghi—economic dependencies are increasingly being weaponized for geopolitical ends. At stake is not only European prosperity but also our very freedoms.

Draghi did not stop at diagnosing this “existential challenge”; he also offered a comprehensive and transformative roadmap to address Europe’s productivity challenges. At its core, the report sets out five intertwined policy priorities to help Europe avoid a “slow agony”: more dynamic innovation, a coordinated strategy for competitiveness and decarbonization, stronger security and reduced dependencies, sustained investment, and more integrated governance. Across 400 pages and 20 strategic policy areas, the report puts forward more than 550 recommendations, making it the most operational roadmap for European competitiveness to date.

Eighteen months on from the report’s publication, this Institut Montaigne study finds a 30 percent implementation rate of the Draghi report’s recommendations. More importantly, with more than half of the recommendations in formal negotiations in the second quarter of 2026, Europe is entering the decisive phase of implementation. This finding challenges the widespread perception that, despite Draghi’s warnings, little to no progress has been made. However, it does not change the fact that the underlying **geopolitical and economic realities have become increasingly adverse**—underscoring the need for further action to preserve European competitiveness.

Legal implementation rate of the Draghi report (weighted average) by policy areas



Against this backdrop, Institut Montaigne set out to provide a rigorous and objective assessment of Europe’s progress in implementing Draghi’s recommendations. Where has Europe advanced meaningful reforms, and where has it not? Is political inertia a reality or a misconception? Drawing on an unprecedented database tracking the implementation of 567 of the report’s policy recommendations (methodology below), the study aims to provide the most accurate and up-to-date benchmark for assessing legal progress in advancing European competitiveness since September 2024. This quantitative approach is complemented by extensive interviews with European policymakers and stakeholders, shedding light on the drivers of key reforms, the near-term prospects for change, and the impact of these reforms on competitiveness. From this, we draw three main conclusions.

About this study and the source database

Before exploring the numbers, it is important to understand the scope, methodology and limitations of our data. The data produced represent an evaluation of the legal, here understood in a broad sense to include both legislative and non-legislative texts, implementation of the actionable recommended policy actions put forward in the Draghi report.

Our figures do not evaluate the pursuit of the broader objectives of the report itself, European competitiveness on the whole or the policies' impact on the ground.¹ These elements have, of course, been included in our more qualitative analysis provided alongside the purely quantitative aspect from the dataset.

For this study, a total of 567 recommendations were extracted from the 20 policy areas found in part B of the Draghi Report, analysed across four analytical dimensions, namely: the time horizon assigned by the report, the actors responsible for progress and hindrances, the corresponding legal vehicle, and the current status of legal implementation.

All 567 recommendations were isolated, using the support of an AI tool, and then categorised as “general” and “detailed” recommendations. “General” recommendations are those found in the summary tables at the end of each policy area, often laying out the broad policy orientation, while “detailed” refers to all actionable policy recommendations found underneath the “general” recommendation². An example is shown below.

3. Simplify and accelerate permitting, and reduce compliance costs, red tape and regulatory burden. While relevant for the entire economy [see the chapter on governance], specific measures for EILs could seek to:

- **Replace current permitting procedures with those outlined in the NZIA** facilitating permitting for decarbonisation investment. This is already part of the NZIA for decarbonisation investment by qualified EILs and facilities (project investing in decarbonisation while, at the same time, being a priori part of the cleantech value chain), but it could be broadened to abatement investment more generally, especially when relating to the conversion of an existing facility. A precondition for meeting shorter permitting time limits will be sufficient digitisation of the permitting process and the relevant administration.

In blue, the “general” recommendation with the overarching policy aim. In bold and black underneath, one of the associated “detailed” recommendations.

For each detailed recommendation, we assigned a complexity index for the legal instrument necessary to implement it, based on a typology of EU action developed by Institut Montaigne. The index reflects the procedural complexity of each legal instrument: the more complex the procedure, the higher the index. For example, a European Commission communication is rated 1, while a treaty revision mechanism is rated 5. All detailed recommendations were then assigned at least one of the report's five themes³.

The corresponding EU and national measures taken between the report's publication on September 9, 2024, and May 1, 2026 were identified. A recommendation is registered in the database as “in the pipeline” if the identified measure has been proposed but not yet adopted, as “partially implemented” if the adopted measures do not match the specific wording of the recommendation, and as “fully implemented” if they do. All others are listed as “no action.” The implementation rate for each detailed recommendation is then derived from the distance between the initial recommendation and the identified actions. The implementation rate for each “general” recommendation is then calculated using the average of the “detailed” recommendations found beneath it, weighted by their complexity indices.

Taken together, these measures provide implementation rates for the entire report, including each of the twenty policy areas and the five policy themes. When calculating the aggregate implementation rates, a distinction is made between “low-hanging fruit” (measures with a complexity index of 1 and measures with a complexity index of 2 or 3 that have been tabled but not adopted) and “more substantial measures.”

¹ Typically, if solely the creation of a public fund for a specific purpose is recommended, as soon as this has been adopted by the co-legislators, the recommendation is marked as fully implemented, irrespective of the amount allocated, whether a single investment or the contribution to European competitiveness has been made.

² The exact and complete definition used in the report to identify detailed recommendations is the following: “A specific, implementable instruction expressed in the imperative mood, beginning with or containing a strong action verb—e.g., “Establish”—and capable of being marked as “Done.” Statements that are passive, aspirational, vague, or exploratory (e.g., “Consider”) do not qualify. Also includes all general recommendations that do not have accompanying detailed recommendations.” (for more details see the full methodology in Annex I).”

³ The five overarching policy themes in Part A of the Draghi report are: closing the innovation gap, a joint decarbonization and competitiveness plan, increasing security and reducing dependencies, financing investment, and strengthening governance.

1. EUROPE IS NOT BEHIND SCHEDULE RELATIVE TO DRAGHI'S TIMELINE

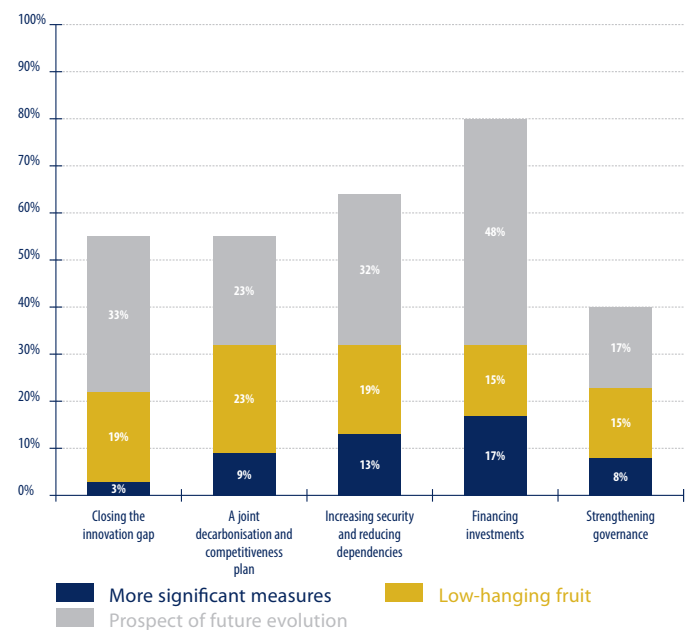
Despite widespread perceptions of inertia, the 30 percent legal implementation rate found by this study is not significantly behind the timetable Draghi set in his report. From proposal to adoption, EU legislative processes take, on average, upward of three years. Conscious of the scale of the task of coordinating twenty-seven Member States on certain policies, and of the pressing nature of the challenge, Draghi set an average time horizon for his recommendations that was slightly shorter than this: thirty-three months.

The new European Commission, the sole holder of the right of legislative initiative in Europe, took office only eighteen months ago. As a result, 45 percent of the recommendations requiring a legislative proposal are currently the subject of ongoing negotiations among the co-legislators, from the Industrial Accelerator Act to the 28th Regime and the Grids Package, most of which are expected to be finalized by the end of 2026. Another set of major Draghi-inspired texts has been, or will soon be, published since late April, including the Chips Act II, the Cloud and AI Development Act, the EU carbon market review, and the updated Merger Guidelines. Defense is the one area in which, motivated by the trajectory of the second Trump administration with respect to Europe, the EU has managed to make meaningful progress on legally cumbersome measures.

The aggregate number may come as a surprise, but the widespread impression that implementation has been very limited is partly misguided. As EU legislative procedures are time-consuming, there is a delay before stakeholders can detect tangible impacts. Moreover, many stakeholders have benchmarked their expectations against the report's broad objectives rather than its actionable recommendations. Public attention has also tended to fixate on a few flagship measures, such as the move toward majority voting in Council decisions, which has seen no formal progress. Finally, competitiveness is a moving target, and it has been moving further away from Europe since the

publication of the report. The real long-term issue for European competitiveness does not lie in a lack of implementation but elsewhere: The world is accelerating faster than Europe's institutional capacity.

Legal implementation rate of the Draghi report (weighted average) by theme, with prospect of evolution by end-2027



2. EUROPE'S MORE DIFFICULT REFORMS LIE AHEAD

The perhaps surprising 30 percent implementation rate is largely attributable to legally easy-to-achieve measures under the authority of the Commission. Just under two years after the report's publication, this Commission-led activity reflects the structure of EU decision-making. The Commission not only holds the right of initiative but is also responsible for producing non-legislative texts and treaty-enabled institutional reform. As no EU-wide consensus is required, both legislative and non-legislative Commission action—such as adopting a new State aid framework or developing non-binding strategies—accounts for two-thirds of the legal implementation achieved so far.

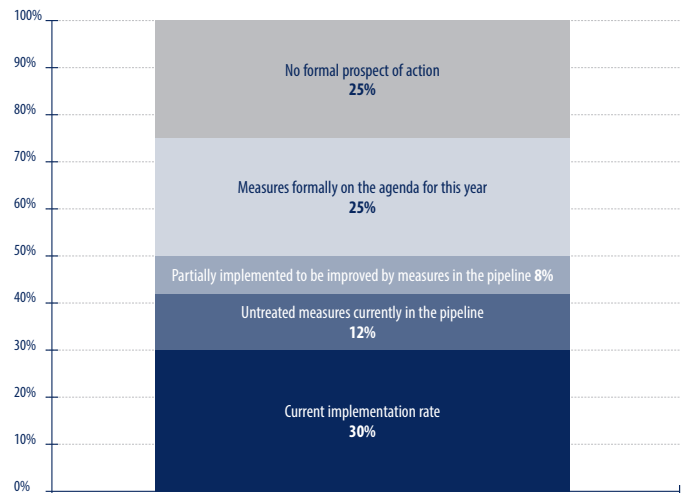
More substantial reforms require legal instruments that take time to develop and approve, and therefore show a much lower implementation rate, with only 3 percent of recommendations fully implemented, mostly in defense. Most of these measures have yet to be proposed or adopted.

In contrast, the even more substantial reforms, which touch on the distribution of power and prerogatives between the EU level and the national Member States, such as joint debt issuance or reducing the scope of Member State veto powers, show no implementation.

3. THE NEXT PHASE DEPENDS ON THE MEMBER STATES

Europe’s decisive phase of implementing the Draghi report is only just beginning and is likely to run well into next year. Of the recommendations requiring a legislative proposal, 40 percent are currently under formal negotiation between the co-legislators. Once the additional texts listed on the Commission’s work program for 2026/27 are factored in, approximately 60 percent of these will be in trilogue negotiations in the coming months. Europe is therefore entering the “crunch period” of the report’s implementation. Under current trajectories, we forecast the legal implementation rate to reach 60 percent by the end of 2027, with significant progress expected on “Sustaining investment” and “Governance” coming later.

Prospect of negotiation of the Draghi report recommendations



Since the Commission will soon have completed most of its non-legislative and legislative work, and the European Parliament remains supportive of more collective European action, the onus is now on the Member States. As illustrated by the more limited progress on the flagship measures (see Table 1), the report has not reconciled long-held diverging interests and preferences among sovereign European nations overnight. Overcoming these hurdles will require willingness, political capital, and compromise.

Both this study’s figures and analytical findings point to an optimistic assessment of Europe’s ability to push the legal implementation of the report further. Now that the low-hanging fruit has been picked, the more groundbreaking reforms—so far largely untouched—will require a structured grand bargain among European decision-makers if they are to move forward, even if not initially with all twenty-seven Member States.