
Implementing the Draghi Report: The Moment of Truth

EXCLUSIVE INSIGHTS - JUNE 2026




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EXCLUSIVE INSIGHTS - June 2026

Implementing the Draghi Report: The Moment of Truth



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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.

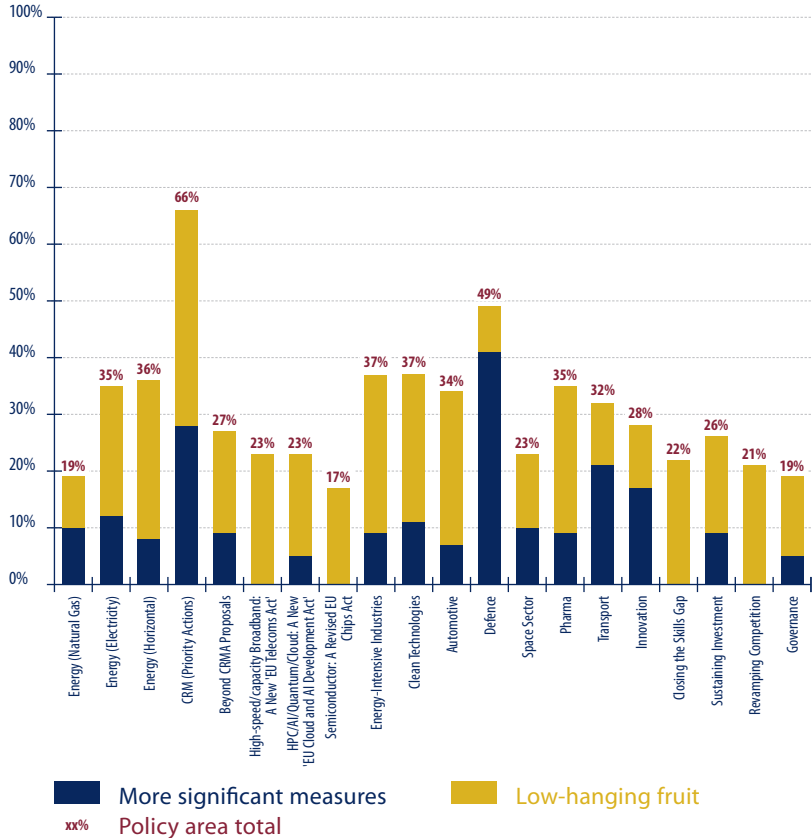
Marie-Pierre de Bailliencourt,
Institut Montaigne's Managing Director

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 ground¹. 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.

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.

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” recommendation.² 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 EIs 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 EIs 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, while a treaty revision mechanism is rated 5. All detailed recommendations were then assigned at least one of the report’s five themes.³

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.

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."

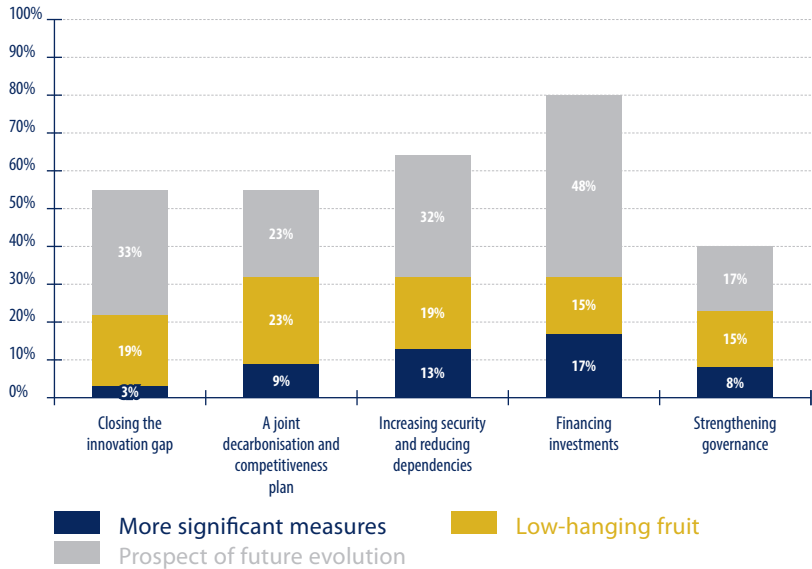
1. EUROPE IS NOT BEHIND SCHEDULE RELATIVE TO DRAGHI'S TIMELINE

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.

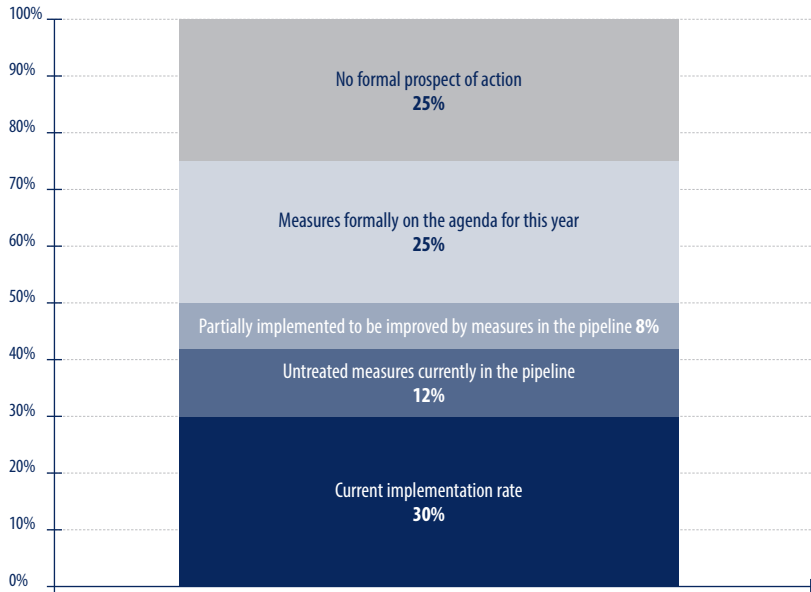
More substantial reforms require legal instruments that take time to develop and approve, and therefore show a much lower implementation rate, with only 3 percent of recommendations fully implemented, mostly in defense. Most of these measures have yet to be proposed or adopted.

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.

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Two years ago, Europeans received a clear, if unwelcome, message: Europe is falling seriously behind on innovation, with negative consequences for productivity and growth—and ultimately for European competitiveness.

In an increasingly harsh geopolitical and economic environment, this threatens not only our prosperity and social systems but also our freedoms. The message was accompanied by a comprehensive roadmap for how to get back on track, centered on more efficient and collective action.

However, this concise summary risks understating the scale of the efforts required of twenty-seven sovereign states to carry out such reforms. The report's author did not shy away from spelling out the cost of the status quo—under current trends, Draghi warns that Europe's economic trajectory is one of "slow agony."⁴

Despite its inevitable imperfections and the fact that it has not been fully endorsed by all EU institutions, the Draghi report remains the most comprehensive and authoritative roadmap for European competitiveness to date. Over the last two years, world events have underscored the old continent's precarious economic and geopolitical position. Therefore, ahead of a major year in European politics in 2027, Institut Montaigne considered it essential to assess the state of implementation of Mario Draghi's report on The Future of European Competitiveness,⁵ likely changes in the months ahead, and the factors driving both.

In order to do so, we combined a state-of-the-art data-driven analysis with a qualitative component involving twenty high-level interviews with more than fifty European policymakers and stakeholders. The data-driven analysis draws on an unprecedented database of the report's granular policy recommendations compiled by Institut Montaigne (see Box 1). Legal implementation rates were established by assessing the distance between a recommended policy and the corresponding legal measures initiated since the publication of the

⁴ European Commission. (2024, September 9). *Von der Leyen and Draghi Unveil Strategies for Europe's Future Competitiveness [Video]*, YouTube, <https://www.youtube.com/watch?v=dVN-na0erkEM>, (accessed June 17, 2026).

⁵ Mario Draghi, *The Future of European Competitiveness* (European Commission, September 2024), https://commission.europa.eu/topics/competitiveness/draghi-report_en.

report. Aggregated across all recommendations, these rates yielded a legal implementation rate for the entire report, as well as for each of the twenty policy areas and five overarching themes.

This legally focused quantitative endeavor was complemented by a more qualitative analysis aimed at understanding the factors behind these numbers, their likely future evolution, and the actual impact these measures are having on European competitiveness.

This report first presents the main takeaways derived from our dataset on the legal implementation of the Draghi report. Next, each of the report's five overarching themes—closing the innovation gap, a joint decarbonization and competitiveness plan, increasing security and reducing dependencies, financing investments, and strengthening governance—is explored in more detail. The annexes provide double-page-spread analyses of each of the five themes, as well as each of the fifteen sector-specific and the five horizontal policy areas.

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 implementation—with “legal” understood here in a broad sense to include both legislative and nonlegislative texts—of the actionable policy recommendations put forward in the Draghi report. Our figures do not evaluate progress toward the broader objectives of the report itself, the state of European competitiveness as a whole, or the impact of these policies on the ground. These elements have, of course, been included in the more qualitative analysis that accompanies the quantitative findings drawn from the dataset.

Box 1 • Methodology for the construction of the dataset used to calculate the legal⁶ implementation rates of the report (for a more complete version, see Annex I)

For this study, a total of **567 recommendations** were extracted from the **twenty policy areas** in Part B of the Draghi report. These were evaluated along four main analytical dimensions: legal complexity, institutional responsibility, current status of implementation, and time horizon.

All 567 recommendations were isolated with the support of an AI tool and categorized as either “**general**” or “**detailed**” **recommendations**. “General” recommendations are those found in the summary tables at the end of each policy area, which often lay out the broad policy orientation, and “detailed” recommendations are the actionable policy recommendations listed beneath a “general” one.⁷ An example is shown below:

⁶ “Legal” is used here in a broad sense to include both legislative and nonlegislative texts.

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.

The “general” recommendation with the overarching policy aim is shown in blue; one of the associated “detailed” recommendations is shown in bold black beneath it.

For all detailed recommendations, a complexity index for the legal instrument necessary to carry it out was calculated, based on a typology of EU action developed by Institut Montaigne. This index reflects the procedural complexity of each legal instrument: the more complex the procedure, the higher it is. For example, a communication from the European Commission carries a rating of 1, whereas a treaty-change mechanism carries a rating of 5. All detailed recommendations were then assigned to at least one of the five themes laid out in Part A of the report.

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 formally proposed but not yet adopted, as **“partially implemented”** if the approved measures do not match the specific scope or ambition of the recommendation, and as **“fully implemented”** if they do. All others are listed as **“no action.”**

⁷ *The exact and complete definition used in the report to identify detailed recommendations is as follows: “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 ‘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 the full methodology, please refer to Annex III.)*

A **legal implementation rate** for each detailed recommendation was then derived from its implementation status and the gap in ambition between the initial recommendation and the action taken. The implementation rate for each “general” recommendation is calculated using a simple average of the “detailed” recommendations found beneath it, which have each been weighted by their corresponding complexity index. Combined, these provide a **weighted and a simple average of the legal implementation rates** for each of the twenty policy areas and five policy themes found in Part A, as well as for the entire report.

When the aggregated implementation rates were compiled, a distinction was drawn between the **“low-hanging fruit”** (i.e., measures with a complexity index of 1 and measures with a complexity index of 2 or 3 that have been formally proposed but not adopted) and **“more significant measures.”**

Finally, the time horizons that the Draghi report set for nearly all recommendations were registered in the database, allowing us to calculate the extent to which, according to Draghi’s logic, Europe is on schedule in implementing the report’s recommendations.

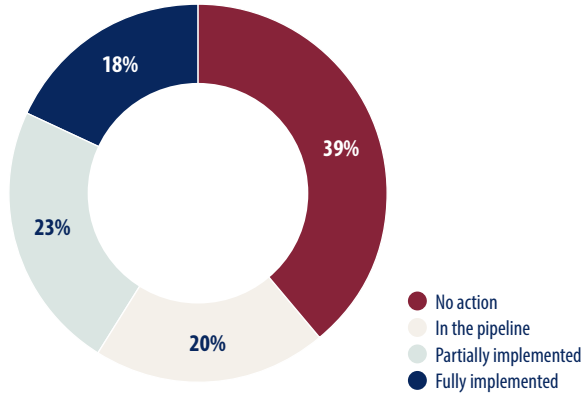
1 Europe is Entering a Decisive Phase in the Implementation of the Report

1.1. WITH A THIRD OF THE REPORT'S RECOMMENDATIONS ALREADY IMPLEMENTED SIXTEEN MONTHS INTO THE NEW COMMISSION, EUROPE IS NOT BEHIND SCHEDULE

Europe has legally implemented 30 percent of the Draghi report's 390 detailed recommendations, though with significant variation by policy area. If we set aside the legal complexity of the measures and consider only the general recommendations formally listed in the report, the rate rises to 37 percent. Although the two metrics are complementary in assessing the implementation of the recommendations, for consistency and readability, this report focuses mainly on the former because it better reflects the varying nature of the report's recommendations.

Overall, only 18 percent of the 390 detailed recommendations were listed as "fully implemented," 23 percent as "partially implemented" (i.e., approved with a lower scope or ambition than the report explicitly recommended), and 20 percent as "in the pipeline." More than a third of the recommendations have yet to see a formal policy proposal. As most of the fully implemented recommendations are nonlegislative measures taken by the Commission, they account for the largest share of the overall rate, at 12 percent, followed by partially implemented (10 percent) and in-the-pipeline (8 percent) measures.

Figure 1 • Legal implementation status of detailed recommendations



Unsurprisingly, the uneven implementation rates across policy areas correlate with the complexity index and with the time horizon the report sets for each.⁸ For instance, the “CRM Priority Actions” policy area shows both the highest legal implementation rate by far (66 percent) and the shortest time horizon (two years). It also features the highest proportion of “low-hanging fruit”⁹—mostly measures implementing the Critical Raw Materials Act (adopted in April 2024).

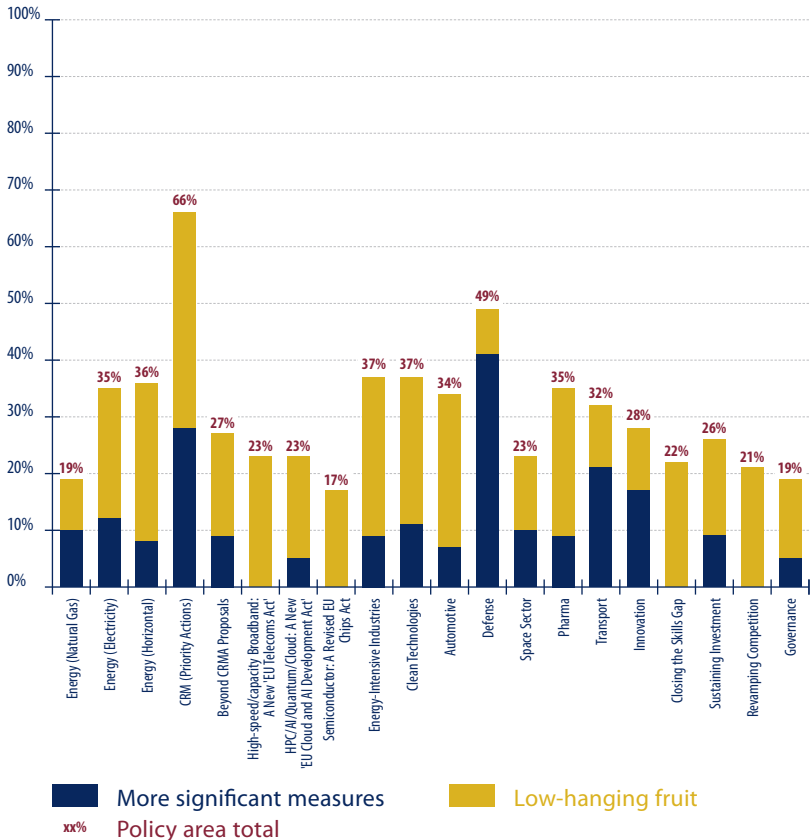
The few exceptions to this trend stem from particular circumstances. The defense-related emergencies arising from Donald Trump’s second term, for instance, caused a surge in the implementation rate (to 49 percent) of a politically complex policy area that had been assigned a comparatively longer time horizon (see Annex II). The fast-tracked European Defence Industry Programme (EDIP) and Security Action for Europe (SAFE) negotiations—aimed at coordinating a scale-up in defense spending under a European-preference rule—are a case in point. As for the weak performance on revamping competition—one

⁸ See Box 1 for details of how the complexity index and time horizons were calculated.

⁹ For this study, “low-hanging fruit” is defined as measures actionable by the European Commission alone, requiring no inter-state or inter-institutional negotiation or compromise. These include both legislative (OLP/SLP proposals, directives, soft-law/guidelines) and nonlegislative (communications, strategies, and action plans) measures.

of the two policy areas for which no time horizon was set—the relatively low legal complexity of the measures captures neither the political sensitivity nor the conceptual break that the report’s orientations represent for the EU (see also Annex II for more details).

Figure 2 • Legal implementation rate of the Draghi report
(weighted average) by policy areas



The data reveal that twenty months after publication, Europe is not behind schedule relative to the timeline established in the Draghi report.

An often-overlooked consideration of the Draghi report is that time horizons were set for nearly all recommendations. These projections were determined in tandem with the Commission and were based on bureaucratic and technical difficulty estimates for the legislation to be adopted. To this end, they provide a solid benchmark: an average time horizon of three years for the implementation of the report. With more than a third of the recommendations—often the most significant ones—assigned a time horizon exceeding three years, the schedule implies that the legal implementation rate should reach 10 percent after one year, 42 percent after two, and 84 percent after four.¹⁰ This implementation rate is also broadly in line with the standard pace of EU decision-making. On average, it takes more than three years to complete the cycle of legislative production in the EU, from formal initiation to approval.¹¹ Hence, with 14 percent of the recommendations requiring a legislative proposal already completed and more than a third under discussion with the co-legislators, the pace of adoption is consistent with the standard pace of EU decision-making.

If we factor in the arrival of a new college of commissioners (December 2024) and a new German government (May 2025)—two factors that traditionally hamper EU policymaking—an even more positive assessment of where Europe stands is possible.

It should also be noted that despite needing time to adapt, the Commission was quick to act—as illustrated by the adoption of the Competitiveness Compass in January 2025. External factors have likewise shaped European decision-makers' agendas, notably by sharpening the need for stronger engagement on autonomous European defense capacities and on Ukraine following Donald Trump's return to the White House.

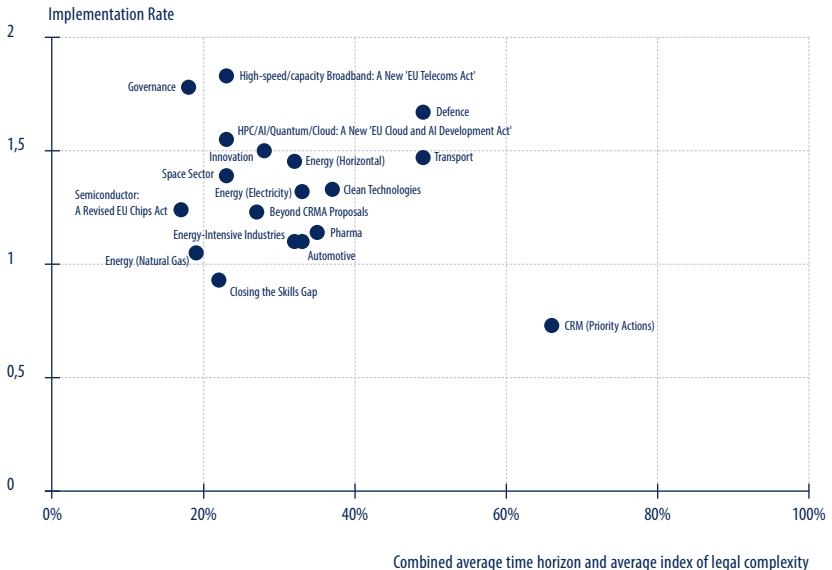
¹⁰ Here, we define as standard a recommendation being “in the pipeline” for one year prior to full implementation, with full implementation occurring at the upper end of the time horizon set in the report.

¹¹ From initiation to formal proposal of a legislation by the Commission takes, on average, between just over one and two years, while the formal legislative process from the proposal to co-legislator approval typically hovers around the two-year mark. See Fabian Bohnenberger, “The Rhythm of EU Law-Making (Part 1),” August 13, 2024, <https://fabianbohnenger.com/2024/08/13/the-rhythm-of-eu-law-making-part-1/>; and Clifford Chance, *How Long Is the EU Legislative Process? Lessons for Financial Services from the 2019–24 Commission* (Clifford Chance, February 2025), <https://www.cliffordchance.com/content/dam/cliffordchance/briefings/2025/02/how-long-is-the-eu-legislative-process.pdf>. NB: This does not take into account the preliminary political discussion within the Commission ahead of the proposal.

The timetable had already been fixed for a substantial number of the key pieces of legislation needed to implement Draghi’s recommendations. For instance, the negotiations on the EU multiannual financial framework (MFF), which sets the EU budget over a seven-year period, were already scheduled for 2026 and 2027, covering the 2028–34 period. Furthermore, existing laws such as the Chips Act (approved in 2023), the Carbon Border Adjustment Mechanism (agreed in 2022), and the EU Emissions Trading System (EU ETS) included provisions for a review to be conducted in 2026.

Whether Europe still has time for this slow decision-making timetable is another question entirely. The continuing deterioration of the external environment, where competitors are doubling down on their own competitiveness, only makes the need for European reforms more pressing.

Figure 3 • All policy areas by implementation rate and their combined normalized average time horizon and average index of legal complexity



1.2. SHARP DIVERGENCES BETWEEN POLICYMAKERS AND THE PRIVATE SECTOR IN ASSESSMENTS OF PROGRESS IN IMPLEMENTING THE REPORT

A recurring observation in our interviews with members of the business community was that little to no change has been felt on the ground since September 2024. This contrasted heavily with the positive assessment made by the policymakers we interviewed. Despite some sectors clearly lagging behind, our data tend to support the latter view. Several factors may contribute to this disconnect in perceptions.

First, current geopolitical realities are placing Europe's industries under growing strain. The closing of the Strait of Hormuz caused oil prices to soar and fueled financial uncertainty. Meanwhile, the second Trump administration's policies toward Europe have amplified both the urgency and need for autonomous European security and critical capacities. Beijing, for its part, has all but doubled down on its techno-industrial push, while its past investments are generating a second China shock for Europe's industries.¹² European competitiveness has arguably deteriorated over the last two years, meaning that Europe's response to the problem the Draghi report highlighted has been perceived as insufficient.

Second, policy measures take time and amount to more than just a few flagship measures. While the report advocates accelerated legislative processes, it also reminds readers that the average time from proposal to adoption in the EU's ordinary legislative procedure alone is nineteen months. When the conception phase and the lag between the validation of a decision and its concrete impact are taken into account, significant EU measures usually take three to four years to deliver. Moreover, the wider public, which is arguably less familiar with the details of the 400-page report, has understandably focused on a few flagship recommendations to gauge the rate of implementation (see Table 1 for a list of these measures). Notably, a significant proportion of the private-sector representatives we interviewed attributed their sense that

¹² Sander Tordo and Brad Setser, *China Shock 2.0: The Cost of Germany's Complacency*, CER Policy Brief (Centre for European Reform, May 2026), <https://www.cer.eu/publications/archive/policy-brief/2026/china-shock-20-cost-germanys-complacency>.

implementation has been slow to the lack of progress on EU governance reforms or joint debt issuance.

Third, there is often a disconnect between the report's highly ambitious policy objectives, which have dominated public attention, and its more mundane policy recommendations. In critical raw materials, for instance, Draghi recommends “develop[ing] further critical raw materials resource diplomacy for securing supply and diversification.” To achieve this, the report proposes more strategic partnerships and Global Gateway Initiatives. Those familiar with the sector will know that neither has yet demonstrated an ability to advance that objective, with only limited tangible results so far for European CRM supplies. **In this case, as in many others, fully implementing all recommendations would still not guarantee that the objective would be achieved successfully.**

Finally, there is a sense in the business community that **the Commission operates as a “communication machine.”** Our interviews indicated that private-sector actors find it difficult to pick out meaningful and impactful updates amid the high volume of announcements. They were nearly unanimous in suggesting that more strategic information dissemination could improve understanding and overall perceptions.

1.3. EUROPE HAS REACHED THE “CRUNCH TIME” IN IMPLEMENTING THE DRAGHI REPORT

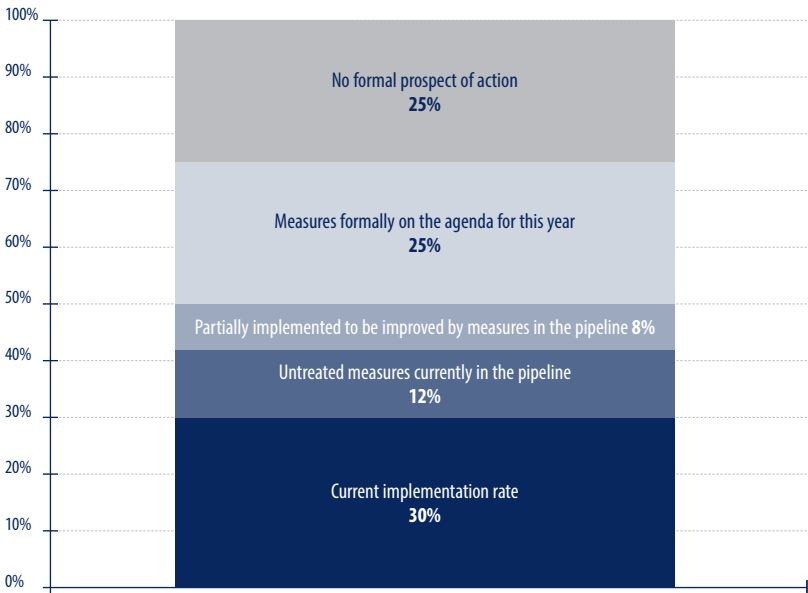
The implementation of Draghi's recommendations has so far come mostly through the “low-hanging fruit” delivered by the Commission (19 percent), as might be expected at this stage. Twenty months after the report's release, this is partly a reflection of the EU policymaking process. For almost any EU legislation, the treaties grant the Commission the right of initiative, and this capacity to propose legislation comes with mandatory preparatory work.

Under the EU's Better Regulation interinstitutional governance framework, introduced in 2015, legislative proposals must first undergo stakeholder consultations—including formal public consultations for some of the most

significant legislation—and then be accompanied by an impact assessment. These preparations take around six months for minor legislation and twelve to eighteen months for more significant measures.¹³ Indeed, about half of the report’s recommendations that need a formal legislative proposal are still in the pipeline, and only 3 percent are fully implemented.

So far, the legal implementation rate largely reflects work done by the Commission through a variety of legislative proposals as well as nonlegislative texts, such as communications, plans, guidelines, and executive acts (complexity index 1). In this study, these measures are defined as “low-hanging fruit.”

Figure 4 • Prospect of negotiation of the Draghi report recommendations



¹³ European Commission, “Better Regulation Guidelines and Toolbox,” European Commission, 2021, https://commission.europa.eu/law/law-making-process/better-regulation/better-regulation-guidelines-and-toolbox_en.

The “crunch time” in implementing the Draghi report is between now and next summer, with the critical negotiations set to play out among the Member States. Merely passing legislation that is currently in negotiation would push the rate of implementation closer to 50 percent. With the other proposals formally on the agenda for the rest of 2026—such as the updated Merger Guidelines, the EU Chips Act II, and the EU Cybersecurity Act—another 20 percent of the report’s recommendations are expected to be “in the pipeline” by year’s end. As many of the more specific budgetary measures will be proposed only once the overarching EU MFF is approved, roughly 60 percent of Draghi’s recommendations should be under formal negotiation within the next twelve to eighteen months.

Once formal proposals have been made for the elements in the “One Europe, One Market Roadmap”¹⁴ interinstitutional agreement, the Commission will have completed nearly all the elements of Draghi’s recommendations for which it is responsible—with half of them already finished by the end of April. Given the European parliament’s historic incline towards increased EU integration, the ball is increasingly in the Member States’ court, through compromise in the Council and autonomous action at the national level.

¹⁴ *European Parliament, Council of the European Union, and European Commission, One Europe, One Market Roadmap (European Commission, April 2026), https://commission.europa.eu/document/download/5445de81-9481-4335-9902-9756159ba614_en?filename=one-europe-one-market-roadmap.pdf.*

Table 1 • Flagship Proposals, key elements, progress, and prospects

Flagship Proposal ¹⁵	Status	What is the Crux of the Discussion?	Supporters and Opponents
Closing the Innovation Gap			
<p>A true “28th regime”</p> <p>The report calls for “a new EU-wide legal statute for innovative start-ups,” touching on “corporate law, insolvency procedure, as well as a few key aspects of labor law and taxation”—something commonly referred to as the 28th regime.</p>	<p>In the pipeline, though via a format that excludes labor and taxation dimensions.</p>	<p>How can an unwanted bypass of national regulations be prevented?</p> <p>In which areas can the 28th regime provide an alternative EU-wide rule?</p>	<p>Prospects: There are no major obstacles in the ongoing discussions among EU legislators, so there is a good chance of progress in the coming months. The actual impact of the text is uncertain, given the novelty of the measure.</p> <p>Main advocates: Most Member States.</p> <p>Main opponents: No clear opponents.</p>
<p>A European “ARPA-type” agency for disruptive innovation</p> <p>The existing European Innovation Council is deemed conservative and underfinanced, hence the need for an agency inspired by ARPA (Advanced Research Projects Agency) in the US—a high-risk, high-reward research agency that combines an extramural approach with public funding, focused on the “transformation of scientific knowledge into breakthrough innovation.”</p>	<p>No progress.</p>	<p>Balancing project performance against the principle of geographic balance among Member States.</p> <p>Under a stable budget, where should financing come from?</p>	<p>Prospects: The Commission has introduced a more challenge-driven and simplified approach in some funding programs, in line with the spirit of the ARPA model, but nothing significant so far. Progress can only go so far since the Member States have failed to come to a consensus on the reform, hampered by a mix of fear from the smaller states of losing out on opportunities and of budgetary constraints.</p> <p>Main advocates: France and Italy.</p> <p>Main opponents: Smaller Member States.</p>

¹⁵ *The proposals here do not necessarily correspond to specific “general” or “detailed” recommendations but to the main stream of reform that caught the public attention, as perceived by the authors, and can thus relate to several recommendations.*

Flagship Proposal	Status	What is the Crux of the Discussion?	Supporters and Opponents
A Joint Decarbonization and Competitiveness Plan			
<p>A reworked approach to competition policy</p> <p>Draghi suggests a review of EU competition rules to bring them in line with modern needs: complementary to European industrial objectives, supportive of disruptive innovation and strategic needs, and large enough in scale to compete with the US and China.</p>	<p>Progress upcoming.</p>	<p>How to integrate innovation, global competition, and strategic considerations into competition decisions without losing predictability and objectivity?</p> <p>To what extent should consolidation be tolerated to respond to this new environment?</p>	<p>Prospects: The draft updated Merger Guidelines (April 2026) show a clear intent to integrate innovation considerations as well as novel “security and resilience criteria.” Given the current absence of pushback on the draft and on recent competition enforcement cases (Apple, Meta), it would seem progress is heading in Draghi’s direction.</p> <p>Main advocates: France and Germany.</p> <p>Main opponents: The Czech Republic, Estonia, Finland, Ireland, and Latvia.¹⁶</p>
<p>Coordinated decision-making within the Single Market for Energy</p> <p>Several recommendations point toward more coordinated governance of the Single Market for Energy “to increase efficiencies in investment trade-off decisions” and ultimately toward lowering the cost and volatility of energy prices. This could take the form of “central oversight over all processes and decisions of direct cross-border relevance.”</p>	<p>No progress.</p>	<p>How can greater coherence be ensured for cross-border decisions within the Single Market for Energy while preserving the Member States’ national control of their energy mix?</p> <p>Who pays for the greater connectivity between the various regional and national systems?</p>	<p>Prospects: A revision of the Governance of the Energy Union Regulation is planned for the end of the year. It should prompt strengthened coordination between Member States and more integrated EU planning, though what exactly it will cover remains unclear. It is not certain whether the Member States would be willing to delegate decisions to the EU level on this politically sensitive subject, given their sharply diverging interests over their energy mixes—the free choice of which is guaranteed by the treaties.</p> <p>Main advocates (under specific conditions): France, Spain, Germany, and the Baltic countries</p> <p>Main opponents: Eastern European countries</p>

¹⁶ Julia Payne and Foo Yun Chee, “Ireland, Finland, Others Warn against Relaxing EU Merger Rules,” *Reuters*, February 23, 2026, <https://www.reuters.com/sustainability/boards-policy-regulation/ireland-finland-others-warn-against-relaxing-eu-merger-rules-2026-02-23/>.

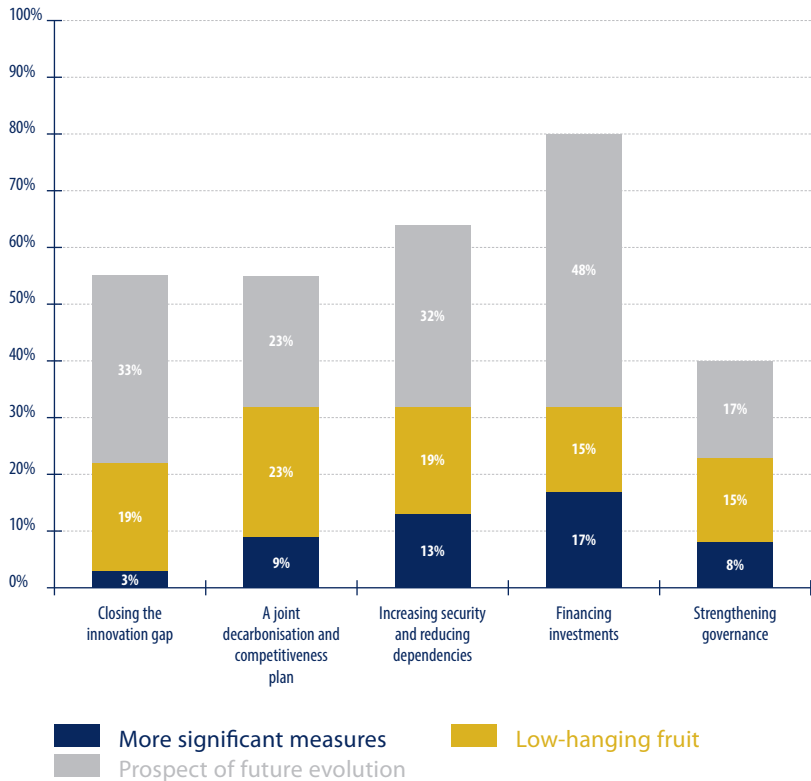
Flagship Proposal	Status	What is the Crux of the Discussion?	Supporters and Opponents
Increasing Security and Reducing Dependencies			
<p>Coordinated scale-up of defense spending</p> <p>In a more challenging environment, with increasingly limited US support, Europe has to shoulder more responsibility for defense and, in the process, bolster its autonomous defense industrial base.</p>	<p>Progress made on a collective scale-up through financial support and incentives, but less promising on the industrial base.</p>	<p>The impetus for developing an autonomous European defense industry stems from the need to increase security. However, increasing short-term security in practice means prioritizing rearmament over the construction of a European defense industry.</p> <p>How can a balance be struck between cost and availability, on the one hand, and developing a European industrial defense base, on the other?</p> <p>What mechanisms should coordinate these efforts, and who should make the decisions?</p>	<p>Prospects: Europeans have committed to scaling up defense spending in the face of US retrenchment from the continent (and partly in response to US demands through NATO commitments), but efforts to coordinate this spending have been largely insufficient.</p> <p>Main advocates: France and Spain.</p> <p>Main opponents: Eastern and northern Europe, Ireland, and Austria.</p>
<p>EU preference in public spending</p> <p>As local preferences are now prevalent and dependencies are being used for geopolitical leverage, EU public spending ought to embed a preference for European production.</p>	<p>In the pipeline with strong but incomplete implementation prospects.</p>	<p>What preference quotas should be aimed for?</p> <p>How should “European” be defined?</p> <p>How much of a constraint is this, and who pays?</p>	<p>Prospects: From defense spending to clean, energy-intensive, and digital industries, the EU is introducing binding obligations to favor European products in public procurement and financing. Multiple ongoing negotiations, however, will determine to what extent.</p> <p>Main advocates: France, Italy, Spain, and Poland.</p> <p>Main opponents: Germany, the Netherlands, and the Nordic countries.</p>

Flagship Proposal	Status	What is the Crux of the Discussion?	Supporters and Opponents
Financing Investment			
<p>A common safe asset to finance joint investment projects</p> <p>The combination of a substantial common investment need, a shallow Euro-based safe asset pool, and an imbalanced global financial system point toward the need for another round of joint European borrowing.</p>	<p>Stalled.</p>	<p>Who will repay and how?</p> <p>How can the most indebted economies be prevented from free-riding on the financial soundness of others?</p>	<p>Prospects: Despite numerous discussions and initiatives, mostly driven by heavily indebted countries, this type of issuance is not on the agenda, as Europeans are yet to decide how to repay the debt of the post-COVID stimulus package (NextGenerationEU).</p> <p>Main advocates: France, Italy, Spain, and Poland.</p> <p>Main opponents: Germany, Netherlands, Austria, and the Nordic countries.</p>
<p>Developing a Capital Markets Union</p> <p>To finance their investment needs, Europeans need to develop deeper financial markets, which is best achieved by unifying their markets and rules.</p>	<p>Progress upcoming, but the level of ambition is unclear.</p>	<p>How many areas will be needed to be harmonized, from pure financial market regulation to broader corporate laws?</p> <p>How can the various existing laws be aligned?</p>	<p>Prospects: The formal negotiation has been accompanied by pressure and calls for much bolder propositions, which could eventually lead a number of Member States to advance on their own.</p> <p>Main advocates: France, Germany, Spain, Poland, and the Netherlands.</p> <p>Main opponents: Ireland and Luxembourg.</p>

Flagship Proposal	Status	What is the Crux of the Discussion?	Supporters and Opponents
Strengthening Governance			
<p>Make qualified majority voting (QMV), rather than unanimity, the general rule for Council votes</p> <p>In line with the spirit of more integrated European action, the report calls for extending QMV to more areas of Council votes, particularly in “taxation, justice, and home affairs, as well as employment and social policies.” In practice, this would mean Member States giving up their veto power on more topics.</p>	<p>No progress.</p>	<p>Where is there consensus among Member States on giving up their veto?</p> <p>How democratically feasible and sustainable is such a significant step toward integration while nationalist political discourse is on the rise throughout the continent?</p>	<p>Prospects: It is unlikely that there will be any progress in the near future on this long-standing question of European debate. There is neither the political space nor the appetite for the treaty change needed to carry out this reform—which, ironically, requires a unanimous agreement between the Member States.</p> <p>Main advocates: Mostly defended by the largest countries (namely France, Germany, and Spain).</p> <p>Main opponents: Mostly opposed by smaller countries (mostly the Nordic countries and eastern European countries).</p>
<p>Opt for a model of deeper integration based on “concentric circles”</p> <p>Where “action at the EU level is hindered or blocked by existing procedures,” the Draghi report points to enhanced cooperation or coalitions of the willing to advance integration.</p>	<p>No formal progress.</p>	<p>Where can a sufficient number of converging partners be found to deepen integration?</p> <p>How can integration proceed efficiently among a sub-group of Member States and within the EU framework?</p>	<p>Prospects: In the many discussions since the Draghi report’s publication, a few “multi-speed” European initiatives have emerged but have remained largely partial and informal. Two areas have seen some progress: financial integration, namely via the Capital Markets Union, and defense, on issues such as security guarantees or Ukraine, often in a broader European format.</p> <p>Main advocates: France, Germany, Spain, Poland, and the Netherlands.</p> <p>Main opponents: Austria, Hungary, and Italy.</p>

2 Themes

Figure 5 • Legal implementation rate of the Draghi report (weighted average) by theme, with prospect of evolution by end-2027



Closing The Innovation Gap¹⁷

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



Time Horizon

ST/MT
(3 years)

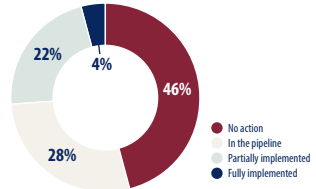
Among the points of consensus the Draghi report has helped establish is that Europe is suffering from a structural innovation gap with respect to its global competitors, and that this is one of the primary drivers of Europe’s declining economic performance. Historically, Europe’s innovation ecosystem has been heavily anchored in traditional, energy-intensive industries, such as the automotive sector, contributing to a structural underinvestment in—and an inadequate financing environment for—disruptive technologies.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



To improve Europe’s position regarding major waves of innovation, both now and in the future, the Draghi report calls for a comprehensive overhaul of the European ecosystem to provide more support (from basic research to commercialization), a pro-innovation regulatory framework, a well-prepared workforce, significant investments in digital infrastructure, and a more dynamic environment for innovation and scaling up. This is particularly complicated to carry out in the EU, as many of these areas fall squarely within the remit of national competencies in which the EU is limited to a supportive role

¹⁷ A one-page condensed analysis of this theme can be found in Annex I.

(e.g., education, vocational training, and research). This may explain the mismatch between the ambitious objectives that the Draghi report sets and the granular actions it recommends to achieve them.

The implementation rate for the “Closing the Innovation Gap” theme stands at a modest 22 percent, with almost half of recommendations under this theme yet to see any concrete proposal. This implementation rate falls to 3 percent once the “low-hanging fruit” are excluded. Of the eighty detailed recommendations classified under this theme, spanning the majority of policy areas, only three have been fully implemented. These are, coincidentally, about defining strategic priorities and publishing guidelines. Even for the measures largely within the Commission’s remit, almost half have been left untouched. This pattern of limited action and implementation hampers the development of cross-sectoral pro-innovation policies.

When measures in line with Draghi’s recommendations are adopted, the practical outcomes still fall short of the initial vision (22 percent of partially implemented recommendations). No Member State-led industrial coalition or Important Project of Common European Interest (IPCEI) has emerged on 6G development or cloud computing. A few hundred million euros in additional EU research funding has been announced—at a time when leading tech firms across the world are announcing investment plans in the tens of billions. Similarly, the few million euros made available to attract skilled foreign workers in the EIT Deep Tech initiative and the EIC Accelerator and other provisions fall well short of the streamlined procedures and dedicated financial capacities needed to significantly increase the appeal of Europe for highly skilled workers in strategic sectors.

The disappointing implementation rate on the innovation-related part of the Draghi report has to do with limited EU capacity and a lack of European consensus on the adjustments needed to carry it out. The EU has only supporting competencies when it comes to research, innovation, and education—meaning it mostly sets general frameworks and provides some specific support in sub-areas of these broad policy spaces, whether through the Erasmus program or R&D funding through Horizon. The less integrated nature of these domains also entails a shallower EU-level conversation in an environment for innovation composed of a myriad of national-level stakeholders.

Beyond this less integrated ecosystem, there is a lack of familiarity in the EU with approaches that integrate innovation considerations into various policy silos, leading to a need for more preparatory work and hence delayed implementation. In practice, the more pro-innovation competition guidelines have yet to be formally published, and measures to establish a more favorable digital environment are largely pending. Similarly, this distribution of competencies makes it harder for the EU to put forward bold proposals to deepen cooperation and reduce frictions in the Single Market. The EU's ability to develop streamlined and preferential visa procedures for researchers is limited to short-term stays. The same is true for its capacity to weigh in on developing an innovation-ready workforce.

Measures already on the agenda could push the rate of implementation of the report's recommendations under this theme toward 55 percent by late 2027,¹⁸ but in the longer term, there are limits to how much can be achieved. A handful of pieces of legislation currently under discussion account for most of the 27 percent of recommendations under this theme that are currently in the pipeline, most notably the proposal for a 28th regime, or EU Inc. (proposed March 2026);¹⁹ the Biotech Act II (expected Q3 2026); and the Digital Networks Act (January 2026). Moreover, a significant share of the recommendations that were unaddressed as of late April should be covered by the upcoming EU Chips Act II (June 2026), the updated Merger Guidelines (draft published in April 2026), the EU Cloud and AI Development Act (June 2026), and the European Innovation Act and European Research Act (Q3 2026). The pro-innovation dimensions of these texts are often broadly consensual and tend to emphasize the simplification and harmonization of procedures.

¹⁸ This prospect for the weighted average legal implementation rate is based on an assessment by the authors that takes into account the EU's legislative agenda over the next eighteen months, the chances these policies have of addressing Draghi's recommendations, and which of the recommendations appear to be highly unlikely to be implemented within this time frame. The number does not respond to a specific methodology and should be considered indicative.

¹⁹ For more details, see Table 1.

It is not anticipated that the implementation rate will push past 60 percent. At present, the Commission has clear priorities that are, as mentioned, oriented toward simplification and reducing administrative burden. Combined with the weaknesses in the EU’s approach to innovation identified above, it should come as little surprise to note that there is no upcoming legislation to develop an ARPA-style EU innovation agency (see Table 1 for details), to support IPCEIs, or to impose the use of unitary patenting across Member States.

Although innovation is a long-term game, the lack of major breakthroughs is extremely worrying for Europe in the context of the accelerating race for global technological leadership. By its nature, innovation cannot be decreed overnight; indeed, it is the theme for which Draghi set the longest time horizon. Correspondingly, measures will only bring returns in the long run—and not only for developing a well-skilled workforce. The most transformative proposal to deepen the Single Market for innovative firms, the 28th regime, should be seen as a first step to be brought to fruition in time, alongside a more pro-innovation regulatory environment and a richer financial landscape.²⁰

Meanwhile, Europe has clearly fallen behind as its innovative rivals double down. No major reform on this front has been completed in two years. Most that have been completed have fallen short of their initial ambitions. For example, the pharmaceutical sector—an area of long-established European excellence that now faces a stark challenge—has yet to see any meaningful measure to facilitate European research, either by facilitating multi-country trials or by facilitating the mobilization of health data. The absence of major reform at the Member State level is a reminder of the lack of attention innovation receives and thus of the limited prospects of a breakthrough in the medium term.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	96%	55%
Council of the EU	57%	47%
Member States	14%	14%
European Parliament	54%	49%

²⁰ Jeanne Lebaudy, “EU Inc.: formule gagnante pour la compétitivité de l’UE?” [EU Inc.: A winning formula for EU competitiveness?], Institut Montaigne, March 19, 2026, <https://www.institutmontaigne.org/expressions/eu-inc-formule-gagnante-pour-la-competitivite-de-lue>.

A Joint Decarbonisation and Competitiveness Plan²¹

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



Time Horizon

ST/MT
(3 years)

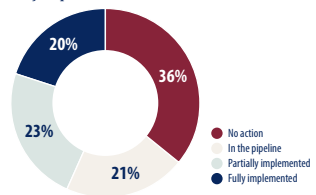
The report’s diagnosis is clear: High and volatile energy prices are weighing on Europe’s traditional base of energy-intensive industries (EIs), and Europe needs to climb the ranks of clean tech leadership. Increased costs have led to a decrease in production and a rise in imports from countries better sheltered from energy shocks. In the meantime, Europe has become the region with the most ambitious climate targets and the highest price per tonne of CO₂ emissions. While studies have shown that since the introduction of the emissions trading system (ETS) in 2005, there has been a reduction in emissions and some low-carbon patenting and green innovation,²² there is concern that the phasing out of free emissions allowances will snuff out Europe’s EIs altogether if the current playing field is not leveled. Beyond the economic need to reconcile Europe’s industries with its climate ambitions, it is also a political necessity for the two to remain key priorities for the continent.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



²¹ A one-page condensed analysis of this theme can be found in Annex I.

²² Joseph Dellatte, *The EU ETS at a Crossroads: Competitiveness Concerns and Policy Scenarios* (Institut Montaigne, 2026), <https://www.institutmontaigne.org/en/expressions/eu-ets-crossroads-competitiveness-concerns-and-policy-scenarios>.

Draghi’s silver bullet to cut energy prices and advance the continent’s green transition is a reworked approach to decarbonization that addresses some of the overlooked elements of the Green Deal of 2019. In the long term, decarbonization has two main benefits: First, it will reduce and stabilize energy costs for end users, as renewables and low-carbon energy are less expensive to produce, which should in turn increase European industrial production capacity. Second, it will help reduce our dependencies on externally sourced fossil fuels and cheaper imports from China in clean-tech sectors. In the short term, the report highlights that the transition will require substantial investment as well as continent-wide political consensus on sensitive sovereign issues such as energy and industrial policy for clean tech.

The report proposes overarching objectives to be pursued via a plethora of different policy instruments. Regarding energy, the report suggests reducing costs for end users, decoupling the electricity price from the gas price, adopting an accelerated technology-neutral and cost-efficient approach to decarbonization (a “do whatever it takes” mentality), stepping up electricity grid deployment, and developing the governance for an “Energy Union.” For clean technologies, Draghi recommends that the EU should refocus support on strategic sectors such as batteries, where there is a case for competitiveness. To protect the EU’s historically competitive automotive sector while aiding the shift toward electrification, the report recommends establishing an industrial strategy that “accounts for the horizontal convergence (i.e., electrification, digitalization, and circularity) and the vertical convergence (i.e., critical raw materials, batteries, transport, and charging infrastructure)” of value chains in the sector. Europe’s trade policy should also be leveraged to guarantee access to low-cost energy and raw materials, as well as to better protect European industry from subsidized foreign production. Finally, transport policy should be better coordinated between Member States.

Across 128 “detailed” recommendations and seven policy areas, Draghi’s joint decarbonization and competitiveness plan shows a moderate legal implementation rate of 32 percent, out of which “low-hanging fruit” measures (actionable only by the Commission) account for 23 percent. Just 9 percent of the implemented recommendations are more significant actions—these are legislative proposals that have been adopted by the co-legislators, primarily pushed by the 2025 legislation on simplifying and strengthening the Carbon Border Adjustment Mechanism (CBAM) framework and the amendments to the Electricity Market Regulation made in 2024.

Progress has been visible on simplification and on energy, especially improving EU coordination on gas security, storage, and supply planning and in faster deployment of emergency measures to stabilize domestic energy markets. Notable advances have also been seen in expanding support for renewables through auctions and Power Purchase Agreements (PPAs), including via support from the European Investment Bank (EIB), strengthening grid and hydrogen infrastructure planning, and increasing support for industrial decarbonization tools such as carbon capture, utilization, and storage (CCUS), R&D in the nuclear area, and more harmonized reporting. Strengthened coordination across policy frameworks has been implemented via the Clean Industrial Deal and its State Aid Framework (CISAF).

A quarter of the recommendations under this theme have only been partially implemented, meaning that progress in securing external supply and lowering the price of energy has been modest. Only marginal progress has been made on securing energy and CRM partnerships, which depend on the willingness of partners; the same is true for securing external markets for European products. Some more EU-level financing for clean energy has been established (hydrogen auctions and banks, the EIB PPA guarantee), but this hardly comes near the objective that has been set. Delays persist in transposing the RED III directive, which mandates an ambitious share of renewable energy in Member States' overall energy mix, despite progress including permitting reforms and early steps toward more flexible and coordinated grid access and infrastructure planning. Moreover, some developments have been observed in the use of Contracts for Difference (CfDs), PPA frameworks, and flexibility tools, as well as in infrastructure policy via the Trans-European Networks for Energy (TEN-E) reform and network charge guidance.

However, 36 percent of recommendations remain unaddressed, including some of the most transformative proposals. These outstanding recommendations focus on structural EU-level market redesign and institutional integration, covering EU pricing models, joint EU-level purchasing via a single buyer (beyond the current limits of the AggregateEU Platform), and new EU supervisory or regulatory powers over energy derivatives, position limits, and dynamic price caps. Although Draghi calls for a model similar to that of the US regarding nonfinancial commodities, no EU competition investigations in energy markets have been initiated. Finally, no political movement has been seen on a separate 28th regime for interconnections and standardized compensation mechanisms for industrial flexibility.

In the medium term, the legal implementation rate may increase moderately to 55 percent.²³ Twelve out of twenty-four recommendations listed as “in the pipeline” are related to the ongoing negotiations on the Industrial Accelerator Act. Moreover, for EITs and decarbonization projects, progress may be made on plans to reallocate ETS revenues ahead of the ETS review that the Commission is expected to launch in July. Similarly, the review of EU competition rules should, in theory, deliver on enabling larger European players when international competition requires it.

Nevertheless, the accelerated pace of the EU’s biggest competitor in the green transition, China, and the more recent energy shocks resulting from the closure of the Strait of Hormuz **have left industry on our resource-strained continent struggling to keep up.** Whether on batteries, chemicals, or automotives, Europe’s global position in trade continues to decline.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	77%	42%
Council of the EU	38%	27%
Member States	27%	23%
European Parliament	36%	29%

²³ This prospect for the weighted average legal implementation rate is based on the authors’ evaluation combining the EU’s legislative agenda over the next eighteen months, the chances these policies have of addressing Draghi’s recommendations, and which recommendations appear highly unlikely to be implemented within this time frame. The number does not respond to a specific methodology and should be considered indicative.

Increasing Security and Reducing Dependencies²⁴

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



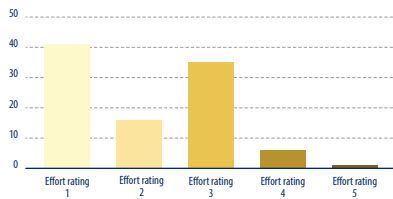
Time Horizon

ST/MT
(3 years)

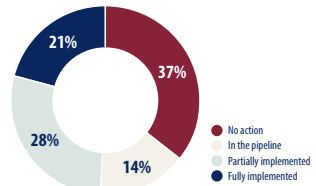
One of the key insights underpinning the Draghi reform drive is that the rather pacified period during which the rules-based international environment prevailed has come to an end. Intensive warfare is back on the continent, reminding everyone of the necessity of a strong industrial base to sustain war efforts, including those of partners. On the back of rising economic coercion and sanctions, the manipulation of strategic supplies for geopolitical ends has become an almost common feature of global affairs. Further blurring the line between traditional security and economic matters, military devices and capacities increasingly rely on civilian technologies.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



²⁴ A one-page condensed analysis of this theme can be found in Annex I.

These unpleasant realities necessitate a bolstered effort to improve Europe's defense capacities, as well as a rethinking of the segregation of economic and security matters. Hence, **the report supports the further inclusion of security dimensions in economic operations.** This translates into security-related constraints on the Single Market (e.g., security and resilience criteria), more support for defense, space, and other essential sectors (minerals, semiconductors, clean tech, pharma), and more diverse key supply chains.

Europe has achieved a legal implementation of 33 percent of recommendations under this theme, which, considering the deterioration of its security environment since September 2024, falls short of expectations. Thus far, a third of the report's recommendations have yet to be formally addressed. There has yet to be any material action on the flagship initiative of joint defense procurement and mandating diversification of critical raw materials subject to high supply concentration. Overall, for recommendations involving institutions other than just the Commission, Europe has only fully implemented a handful of measures out of fifty-seven such recommendations.²⁵ More surprisingly, Europe has been unable to initiate any formal action on more elementary measures, including on developing an international connectivity strategy and establishing resilience criteria.

This underwhelming aggregate figure does, however, reveal a few positive trends. First, energized by the unusual trajectory of the second Trump administration, defense has overcome the legal complexity of European action in the field to advance quite significantly (see Annex II). Second, the difficulty in compensating for the deterioration of our security environment should not undermine the significance of the steps Europe has taken. Third, the development of substantial incentives for coordinated military spending and the reform of European financing instruments in service of its industrial defense base cannot be considered "low-hanging fruit." There has been some progress on efforts to secure critical materials, most of which was in line with preestablished orientations (see Annexes I and II). Here again, whether this is enough to address Europe's vulnerabilities in a fast-moving environment is a different question.

²⁵ *These include the adoption of a European Defence Industry Programme, the creation of EIB financing for "EU SpaceTech" and raw materials and slightly more forceful trade agreements on securing minerals (with Mercosur, Chile, and Mexico).*

Nevertheless, the deterioration of our external environment has instilled a renewed impetus in an already challenging field for Europe. The EU was originally established with a view mainly to fostering economic integration; venturing further into the security domain is, in many respects, new territory for the twenty-seven Member States. Thus, more so than in fields related primarily to the economy, actions revolving around security—an essential sovereign prerogative—necessitate extensive preparatory discussions, negotiations, and consensus building. Indeed, the limited number of formal proposals certainly does not reflect a lack of discussions.

In light of the legislation the EU has on its agenda for the coming year, the implementation rate is set to jump significantly in the coming months toward 65 percent.²⁶ The EU is preparing to negotiate proposals that will more forcefully support domestic players through European-preference rules and require greater internalization of some previously neglected risks, whether on (cyber)security standards for European telecom, cloud computing, or semiconductors. Some constraints on the concentration of supply are in the making for critical materials and clean technologies. The MFF negotiations may make way for similar dimensions to be included as attribution criteria in most EU funding, which will substantially increase. On defense specifically, more coordinated European spending is on the way, too, though the depth of the coordination is as yet unclear.

Unfortunately, Europe is still doing too little too late. The Draghi report predated the second Trump term, the renewed crisis in the Middle East, and the second China shock, meaning that it does not take into account all of the challenges currently facing Europe on defense and strategic vulnerabilities. Our strategic dependencies on China, mostly in minerals and industrial inputs, have certainly not been reduced; the picture is similar regarding our quasi-total reliance on the US technological stack for digital services.

²⁶ *This prospect for the weighted average legal implementation rate is based on the authors' evaluation combining the EU's legislative agenda over the next eighteen months, the chances these policies have of addressing Draghi's recommendations, and which recommendations appear highly unlikely to be implemented within this time frame. The number does not respond to a specific methodology and should be considered indicative.*

These situations will clearly not be reversed overnight. The formally agreed scale-up of efforts on the defense and military fronts is impressive, and the shift toward improved collective incorporation of security elements in economic policy is now a firmly established trajectory for Europeans. Nevertheless, current political trends of rising nationalism across the continent may hinder any significant acceleration in the long path ahead toward more balanced strategic interdependencies, especially in light of the potentially transformative elections next year.

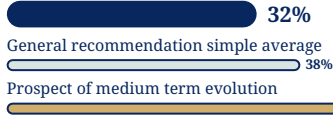
Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	89%	44%
Council of the EU	56%	34%
Member States	20%	17%
European Parliament	47%	37%

Financing Investments²⁷

Implementation rate

Weighted average



Time Horizon

ST/MT
(2 years)

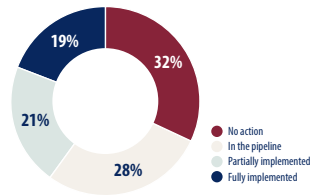
One of the Draghi report’s strongest messages was that Europe is in need of an investment shock—the report famously set a target of €750 to €800 billion in annual extra investment as being necessary to finance its objectives (see Box 2 for more details on this figure). Draghi established that there were three main obstacles preventing Europe from attaining this step change in investment: First, Europe’s capital markets are fragmented. No single securities market regulator or rule book exists among the twenty-seven Member States. There is no common post-trade environment for clearing and settlement systems, while tax and insolvency regimes continue to diverge across the Union. Second, EU financing is heavily reliant on banks that are ill-suited for investing in high-risk firms, in addition to being less profitable and integrated than their US counterparts. Third, investments are limited both by the EU’s budget and by cultural attitudes toward risk—including at the household level.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



²⁷ A one-page condensed analysis of this theme can be found in Annex I.

Correspondingly, the report establishes four ambitious objectives: establishing a “Capital Markets Union,” reviving securitization and completing the “Banking Union,” reforming and better strategizing the EU budget, and continuing to develop common debt instruments. Beyond the horizontal financial dimensions, investment-related policy recommendations are scattered across more than half of the report’s twenty policy areas.

Draghi’s “Financing Investments” policy area displays a moderate but not insignificant 32 percent legal implementation rate. Fifteen percent can be attributed to “low-hanging fruit,” measures actionable by the Commission alone. These include the targeted review and consultations of the Solvency II and EU Securitisation frameworks, the Action Plan for Affordable Energy or Sustainable Transport Investment Plan (STIP), as well as the Commission’s recommendation—since this remains a national competence—on fostering pension funds (published in November 2025). The remaining 17 percent of implementation is being driven by just a handful of concrete measures, for the most part in tandem with the EIB, such as the creation of the €10 billion BioTechEU investment initiative, the €2 billion under the CRM Strategic Initiative, or the €1.5 billion of counter-guarantees for the European Tech Champions Initiative (ETCI).

Box 2 • Draghi’s target of €800 billion in extra investments

Public attention has been primarily fixated on the flashy figure of €750 to €800 billion in annual extra investments that the Draghi report calls for. This figure represents a sudden and sustained increase in investments in Europe of more than 20 percent. This is without doubt a massive figure—and one that is almost without historical precedent for an advanced economy. Moreover, as the report underscores, this vague intermediary objective gives rise to more questions than it answers.

The annual need covers the 2025–30 period, bundling private and public investments. The exact divide between the two is not specified, but traditionally, 80 percent of productive investment in Europe has come from the private sector. Worse, the sources are no clearer. The report cites only a vague reference to “Commission estimates.” Nevertheless, it offers a breakdown by objective: €300 billion for energy and the deployment of clean technologies; €150 billion to invest in clean transports, especially charging stations; €150 billion to become a leader in digital technologies; €50 billion for strengthening defense and security; €100–150 billion for boosting productivity through breakthrough innovation.

However appealing these numbers might be, there is simply no precedent of a sustained investment push of this scale between advanced economies in modern history, excluding the post-war periods. To reach the 20 percent jump for investment on average over the 2025–2030 period, linear annual growth investment would need to be around 6.7 percent. This is roughly four times higher than the average growth rate of investment in real terms in the EU over the past decade, measured by gross fixed capital formation adjusted for price changes, as well as the forecasted growth for 2025, 2026 and 2027 by the OECD and the ECB.²⁸

This illustrates that the objective set in the report borders on the unrealistic. By setting a seemingly impossible target, the report risks undermining any efforts Europe makes to foster more investment in its productive base—which may prove counterproductive.

²⁸ OECD, “Euro Area,” in *OECD Economic Outlook, Volume 2025 Issue 2* (Paris: OECD Publishing, December 2025), https://www.oecd.org/en/publications/2025/12/oecd-economic-outlook-volume-2025-issue-2_413f7d0a/full-report/euro-area_714ca101.html; and European Commission (DG ECFIN), “Economic Forecast Data” (FDMS_FORECAST), accessed June 2026, https://webgate.ec.europa.eu/ecfin/redisstat/databrowser/explore/all/FDMS_FORECAST?lang=en&display=card&sort=category.

With many of the Draghi report's policy areas and themes, traction for governance and structural reforms has fallen by the wayside. On the "Banking Union," for example, none of the four "detailed" recommendations has been addressed. These include a "country-blind" EU banking framework for major cross-border banks, the centralizing of supervision and resolution at the European level, preventing national ring-fencing of capital and liquidity, and establishing a separate, industry-funded EU deposit insurance system to ensure integrated banking operations and crisis management. Collective debt, in the form of common safe assets, was deemed a dead-end negotiation with Germany and the traditional, more fiscally conservative Member States by the majority of those interviewed for this study.

There is reasonable optimism that the legal implementation rate for recommendations under this theme will increase significantly over the next year toward 80 percent.²⁹ Most of the measures in the pipeline (28 percent of recommendations for this theme), as well as the currently only partially implemented measures (21 percent), are being addressed in current MFF negotiations. The MFF proposal shrinks the seven headings of the EU's budgetary framework to four pillars and fifty-two separate programs to just sixteen, as well as reducing the number of rules attached to each, and corresponds to the streamlining efforts called for in the report. The same can be said for the concentration of financing on the now-aggregated "European Competitiveness Fund." The MFF will also address more specific recommendations, since many can only be formally addressed in legislative proposals following its adoption. The stakeholders interviewed as part of this study were optimistic that this will be the case, as the ongoing discussions align quite well with the spirit of the Draghi report.

²⁹ This prospect for the weighted average legal implementation rate is based on the authors' evaluation combining the EU's legislative agenda over the next eighteen months, the chances these policies have of addressing Draghi's recommendations, and which recommendations appear to be highly unlikely to be implemented within this time frame. The number does not respond to a specific methodology and should be considered indicative.

In addition, efforts made around the Savings and Investments Union (SIU) in recent months have been sending positive signals. This year should see the arrival of a review of the European Venture Capital Fund (EuVECA) regulation in Q3 and a banking sector overview report before a mid-term review of the SIU's progress in 2027.³⁰ More specifically, there has been promising traction regarding a Capital Markets Union (CMU), with the proposal to substantially strengthen the European Securities and Markets Authority (ESMA) as part of the Master Regulation package. The continent's largest economies have been particularly supportive of this further integration of financial markets.³¹ Unfortunately, the same cannot be said for the Banking Union.

Since the Draghi report seldom specifies the quantity of extra support required, the impact of the implementation on European competitiveness will be decided by the magnitude of the resources allocated. **The multitude of initiated reforms should not be underestimated. It will, however, take time to convince investors that things have changed significantly to make Europe a more attractive environment for production.** Indeed, despite the urgent nature of this theme (average time horizon of twenty-five months), Europe is less behind schedule than is often assumed. Draghi's extremely ambitious broader target of €800 billion can only be understood as a long-term, highly ambitious goal and should not serve as the main benchmark for evaluating reforms (see Box 2 for more details).

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	86%	28%
Council of the EU	70%	49%
Member States	23%	19%
European Parliament	70%	58%

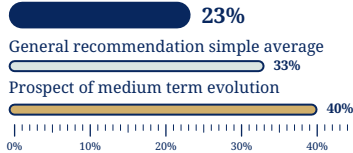
³⁰ European Commission, "Savings and Investments Union," accessed June 2026, https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union_en.

³¹ Federal Ministry of Finance (Germany), "The E6: An Initiative Led by Six Leading European Economies to Strengthen European Sovereignty, Competitiveness and Defence Capabilities," press release no. 03/2026, January 28, 2026, <https://www.bundesfinanzministerium.de/Content/EN/Pressemittelungen/2026/2026-01-28-e6-initiative.html>.

Strengthening Governance³²

Implementation rate

Weighted average



Time Horizon

ST/MT
(3 years)

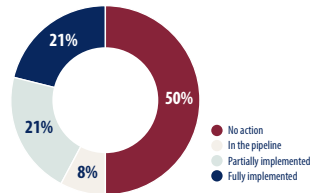
Faced with an increasingly harsh geopolitical and economic environment, the Draghi report’s overarching theme of increased collective action necessarily deprecates cumbersome, fragmented, and unanimity-dependent European governance, particularly in domains of strategic importance. The more integrated nature of China and the United States generates a better regulatory and administrative environment—and thus a key competitive and strategic advantage. As no European country can effectively respond to these challenges alone, Europe must come up with better-coordinated action and therefore more integrated decision-making.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



³² A one-page condensed analysis of this theme can be found in Annex I.

While refraining from explicitly entering the traditional federalist versus confederalist debate, the Draghi report advocates for a pragmatic deepening of European governance largely within the existing institutional framework. Pursuing governance reforms is inherently politically sensitive, as it touches directly on the ability of the sovereign European nations to act autonomously. Beyond a broad call to limit the ability of any single Member State to block collective European action, notably through a wider use of qualified majority voting (QMV) instead of unanimity, the Draghi report's governance recommendations advocate primarily for incremental steps toward a leaner and more efficient European organization across the board. Common rules, from energy to state aid and standards, should, according to Draghi, be integrated and harmonized at the EU level. In areas of national exclusive competencies, such as defense, the EU should step up to facilitate coordination. Across the board, EU regulations should be unified to make the Single Market more effective and more of a practical—as opposed to a theoretical—reality.

The implementation of the “Strengthening Governance” pillar remains limited (23 percent) and highly asymmetric. This aggregated rate covers a structural divide. On the one hand, a combination of “low-hanging fruit” measures and less sensitive matters of soft coordination and a leaner regulatory environment has led to some measures being adopted. On the other hand, recommendations stepping more directly onto the autonomous competencies of the Member States have mostly stalled.

For instance, the Competitiveness Compass, published in January 2025 by the Commission, responds directly to the call for a new Competitiveness Coordination Framework to better push through a consistent agenda throughout this mandate. While the creation of a Commissioner for Defence marks an important step, the role's mandate is limited to a facilitator of European cooperation, with no ability to impose hard constraints on Member States. Meanwhile, simplification has become a central mandate-level priority, with “Omnibus” packages that each Commissioner is responsible for implementing. However, these changes are still under way, as legislative procedures in the EU take time. By contrast, recommendations requiring treaty-level discussions, institutional redesign, or political transfers of sovereignty make up most of the close to half of the recommendations under this theme on which no formal action has been initiated.

Despite the progress expected on harmonization, competition, and simplification, the outlook for significant progress on strengthening European governance is still stubbornly gloomy, with 40 percent representing the upper bound.³³ Additional Omnibus packages (on energy product legislation, taxation, and the citizens’ Omnibus), revised impact-assessment obligations, and new coordination tools are likely to move forward within the current institutional framework. Beyond these, no clear proposal is in sight. Even the more legally feasible extension of the emergency procedure for decision-making (Art. 122) appears out of reach, owing to Parliament’s reservations, partly rooted in its absence of a right to trigger the provision, which lies only with the Council. Furthermore, an upcoming election-intensive year in 2027 further reduces the likelihood of ambitious institutional debates taking off in the near term. Coalitions of the willing (i.e., a group of Member States that decide to integrate in a smaller format on specific topics) could generate positive traction—but on specific matters such as capital markets and security.

In the short term, European competitiveness has more pressing and promising matters to deal with than governance, which by its essence has a limited direct short-term impact on competitiveness. Europe has prioritized operational industrial and security responses since 2024, while deeper debates on governance—on unanimity, subsidiarity, differentiated integration, or emergency powers—remain politically unaddressed. Despite growing acknowledgment of the limits of the current system, public opinion throughout the continent does not signal a desire for deeper integration. Nevertheless, this prioritization has more consequential long-term effects. Slow legislative procedures, persistent unanimity constraints, and uneven national implementation will continue to prevent Europe from being an agile actor. In an increasingly volatile world, agility is a central determinant of efficiency and power and a key factor in increasing Europe’s attractiveness to investment.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	88%	54%
Council of the EU	50%	42%
Member States	17%	17%
European Parliament	50%	46%

³³ This prospect for the weighted average legal implementation rate is based on the authors’ evaluation combining the EU’s legislative agenda over the next eighteen months, the chances these policies have of addressing Draghi’s recommendations, and which recommendations appear highly unlikely to be implemented within this time frame. The number does not respond to a specific methodology and should be considered indicative.

3 Perspectives and Conclusions

Europe is likely to have implemented most of the Draghi report’s recommendations by summer 2027; therefore, it is broadly on track for legal implementation. The interinstitutional roadmap of April 2026 on the legislation to be finalized by the end of 2027 is both a credible work plan and a reminder that the main EU political players are committed to reforms sooner rather than later.³⁴ With texts such as the Industrial Accelerator Act, the updated Merger Guidelines, and the EU Chips Act II, the program appears to be largely derived from the Draghi report’s recommendations. The prospect by policy area also indicates a significant ramp-up of the legal implementation rate.

Only “Governance,” “Closing the Skills Gap,” and the three “Energy” policy areas show disappointing implementation rates—which seem unlikely to rise above 50 percent for the foreseeable future. These are matters closely tied to core national prerogatives on which the Member States struggle to find consensus.

Still, many of the most impactful measures seem likely to stay in the doldrums, as many of the preexisting divergences among Member States continue to block the path to more forceful joint actions. The issuance of common debt to support Europe’s industrial base has been repeatedly brushed aside by the current German chancellor and most northern European countries. The reimbursement plan for the first iteration of such a joint undertaking under NextGenerationEU has yet to be established. The fact that France, one of the main proponents of the measure, is struggling to set itself on a sustainable budgetary trajectory is another major impediment to such a reform.

Beyond this flagship measure, many of the Draghi report’s recommendations are to be formally implemented, albeit much less ambitiously than envisaged. The establishment of EU-preference procurement rules, as well as resilience and security criteria, is likely to take a quite inclusive approach by including many partners to accommodate the preferences of the more open and

³⁴ European Parliament, Council of the European Union, and European Commission, *One Europe, One Market Roadmap* (Brussels: Council of the European Union, April 2026), <https://data.consilium.europa.eu/doc/document/ST-8473-2026-INIT/en/pdf>.

export-oriented central and northern European economies. While the multiannual financial framework (MFF) ticks many boxes regarding financial support for strategic sectors, its overall impact will be constrained by the limited size of the EU budget (around 1.2 percent of EU GNI).

Competitiveness is by its nature a comparative matter; it is also a moving target, one that has drifted further away from Europe. The confirmation of the AI-related economic shake-up, led by American and Chinese players, is amplifying the risk of a widening productivity gap that will be detrimental to the old continent. China's unabated pursuit of its techno-industrial rise—as well as its massive overcapacity—is further eroding some of the European economy's competitive strongholds. In the meantime, the world order has continued to drift away from a rules-based system toward a predatory rule-of-might system that is at odds with European interests and preferences.

Beyond perhaps Mario Draghi himself, few policymakers or stakeholders ever expected the report's full set of recommendations to be implemented in its entirety. Several of them reflect priorities that now seem almost of another era; others were deliberately ambitious, or even aspirational; and not all were capable of commanding a European consensus. Nevertheless, in a world that has seemingly validated Draghi's diagnosis, **Europe must find ways to increase cooperation in support of its production base—and it must do so quickly.**

While the Draghi report has provided a compelling analysis of the situation and a comprehensive reform plan, Europe lacks a method for overcoming preexisting divergences. Indeed, the unpromising progress on the implementation of Draghi's recommendations shows that adoption is stumbling on long-established European fault lines, particularly for most of the flagship measures (see Table 1). Bundling negotiations across key policy areas, thereby multiplying the scope for trade-offs and compromise, appears to be one of the only ways to unlock new avenues for breakthroughs. **To escape Draghi's grim prophecy that Europe's economic trajectory will be one of "slow agony," Europe must equip itself with the means for a grand bargain—whether involving all twenty-seven Member States or within smaller coalitions of ambitious countries.**

Closing the Innovation Gap

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



Time Horizon

ST/MT
(3 years)

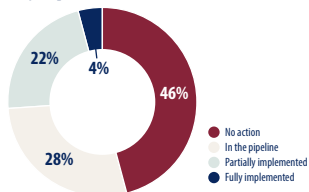
Europe continues to grapple with what Draghi identified as an “innovation gap” with its main global competitors, which is a primary cause of the economic slowdown of the continent. Despite the strong consensus the report has generated around that analysis, the limited implementation rate reflects a significant disconnect between this heightened awareness and the more cautious tangible actions, in fields where Member States remain the main operators.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The overall implementation rate stands at a modest 22 percent, with a mere 4 percent of recommendations fully implemented. This pattern is visible across the various policy areas the theme covers and even affects initiatives entirely at the hand of the Commission. Thanks to a more dynamic policy pipeline on innovation compared to academia-related reforms, the implementation rate should rise above 50 percent in 2027.

The low implementation rate reflects the fact that half of the recommendations are currently unaddressed. The implications across different policy areas vary. In telecoms, for example, this translates as a lack of a response to the report's call to facilitate consolidation to allow for increased scale, as well as a failure to define the telecoms market at the EU or national levels. In AI, there is no “federated AI model”; in pharma, there is no blueprint for genome sequencing; in semiconductors, there is no EU-wide scholarship scheme for excellence in postgraduate research.

In assessing this result, it is important to take into account that innovation is a long-term endeavor that cannot realistically be accomplished rapidly, as reflected in the particularly long time horizon set by the report (just over three years). Furthermore, the EU's limited competencies in education have hindered the development of bold, continent-wide reforms, while actions that can be taken at the EU level for R&D, academic excellence, or a better trained workforce have a limited impact on the ground.

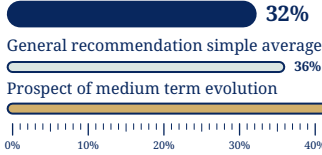
Despite no major reform having been completed in two years, a substantial number of recommendations are currently in the pipeline (28 percent). For instance, the Commission's 28th regime proposal to establish a flexible framework for innovative start-ups should be considered a first step in the right direction. **With a few extra upcoming proposals soon, implementation could reach closer to 55 percent in the near future.** This movement will be driven by a number of key upcoming texts including the EU Cloud and AI Development Act, the Biotech Act II, and the Digital Networks Act.

Bridging the innovation gap will be a long-term game, but Europe's rivals are not sitting idle. **Breakthroughs on more support to scientific excellence and toward a properly integrated EU market, allowing innovative firms to grow, are necessary for Europe to effectively reverse the current trend of decline.**

A Joint Decarbonization and Competitiveness Plan

Implementation rate

Weighted average



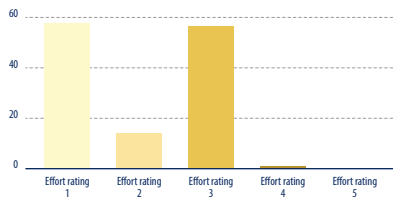
Time Horizon

ST/MT
(3 years)

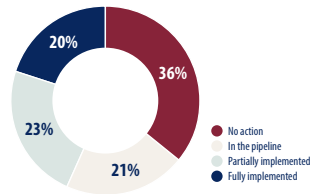
The Draghi report makes clear the necessity for Europeans to reconcile their ambitious climate transition trajectory with the competitiveness of a continent showing higher energy prices and less integration than its main competitors. Mostly driven by simplification efforts, the implementation rate has reached a moderate 32 percent. The current prospect of reforms would only push that rate toward 55 percent, which is far from enough to seriously contribute to Europe’s competitiveness. Even more since it has encountered new challenges since September 2024, especially in offering a competitive energy price to its industries.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Despite the multiple energy-related challenges of the past three years, Draghi’s joint decarbonization and competitiveness plan shows a moderate legal implementation rate of 32 percent. This theme covers the widest

range of recommendations, 128 in total, and has witnessed a few concrete substantial legal endeavors concluded, on simplification, strengthening the Carbon Border Adjustment Mechanism (CBAM), and bolstering the ability of public authorities to lower energy prices. Apart from these, the implementation rate has been driven by actions entirely at the hand of the Commission, with 23 percent of the implementation rate derived from “low-hanging fruit.” Notable advances have touched on grid and hydrogen infrastructure planning, as well as plans for diversifying gas supply and a more consistent and permissive framework to support clean industries via the Clean Industrial Deal and its State Aid Framework (CISAF).

Many of the implemented efforts have fallen short of Draghi’s recommendations, with 24 percent of the recommendations showing partial implementation. Limited progress has been made in securing energy and CRM partnerships and trade arrangements, alongside EU-level financing tools for clean energy (hydrogen auctions and banks, the EIB PPA guarantee). Delays persist in transposing the RED III directive, which mandates an increased share of renewable energy in Member States’ energy mix, alongside permitting reforms, and early steps toward more flexible and coordinated grid access and infrastructure planning. Moreover, limited developments have been observed in the use of Contracts for Difference (CfDs), PPA frameworks, and flexibility tools, as well as in infrastructure policy via TEN-E reform and network charge guidance.

However, 36 percent of recommendations remain unaddressed, including some of the most transformative proposals. These outstanding recommendations focus on structural EU-level market redesign and institutional integration. They include: EU pricing models, joint EU-level purchasing via a single buyer (beyond the current limits of the AggregateEU Platform), new EU supervisory or regulatory powers over energy derivatives, position limits, and dynamic price caps. EU competition investigations in energy markets also remain absent. Finally, no political movement has been seen on a 28th regime for interconnections and standardized compensation mechanisms for industrial flexibility.

The current legal implementation rate may increase moderately in the medium term to around 55 percent. Twelve out of twenty-four recommendations listed as “in the pipeline” are connected to the ongoing negotiations

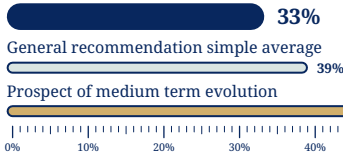
on the Industrial Accelerator Act regarding European purchasing preferences, technology transfers, and streamlined administrative procedures. For EITs and decarbonization projects, progress on the reallocation of some ETS revenues toward such projects might be made with the expected ETS review in July. A revision of the Governance of the Energy Union Regulation is planned for the end of the year, which should prompt strengthened coordination between Member States and more integrated EU planning, but its real content remains unclear. Any substantial progress would result only from technically and politically complex negotiations and would therefore only materialize in the medium to long term.

Nevertheless, given the accelerated pace of China—the EU’s greatest competitor in the green transition—and the more recent energy shocks resulting from the closure of the Strait of Hormuz, **our resource-strained continent’s industries will struggle in the years to come.** The longer trajectory will hinge on the boldness of the pending texts to significantly lower the production costs of industrial products on the continent.

Increasing Security and Reducing Dependencies

Implementation rate

Weighted average



Time Horizon

ST/MT
(3 years)

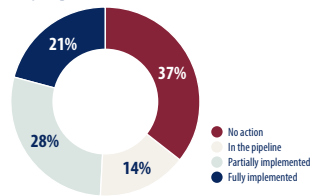
In an increasingly hostile international context, enhancing European security has become key to upholding the EU's autonomy, underscored by the number of policy areas included in this theme (defense, but also space and semiconductors). However, the implementation rate of recommendations under this theme is only 33 percent. With boosted spending and security-related standards on the way, this rate is set to increase by a significant amount in the near future. The question of tighter coordination remains unaddressed and continues to hamper decisive European progress on that front.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



With only a handful of implemented pieces of legislation so far, the implementation rate is somewhat disappointing, if not concerning. The second Trump administration has galvanized European action in the defense field, which has since overcome legal complexities to make quite significant advances (see

Annex III), including the implementation of the European Defence Industrial Strategy (EDIS), the adoption of the European Defence Industry Programme (EDIP), and the incentivization of a European purchasing preference. Efforts to secure critical materials have also progressed, mostly in line with preestablished orientations. Fully and partially implemented recommendations have often not yet led to concrete actions. Europe's trade agreement and external funding instruments have been adapted to better serve the goal of securing critical minerals, though so far with limited impact.

A third of the recommendations under this theme, however, remain formally unaddressed so far. The flagship initiatives of joint defense procurement and mandating diversification of critical raw materials subject to high supply concentration are yet to see any material action. Overall, for recommendations involving institutions other than just the Commission, Europe has only fully implemented five out of fifty-seven recommendations, most of which are mentioned in the previous paragraph. More surprisingly, Europe has been unable to initiate any formal action on more elementary measures, including on developing an international connectivity strategy and merely establishing resilience criteria.

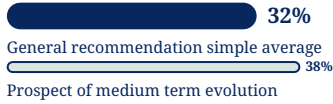
However, in a Union originally conceived for economic integration, there have been a considerable number of preemptive discussions between Member States on defense matters, which have generated a dense corresponding legislative agenda for the months to come. **The implementation rate should thus see a considerable jump toward 65 percent.** This boost will primarily be driven by the 2028–34 MFF and the upcoming EU actions targeting cybersecurity, supply-chain resilience, and coordinated defense spending.

This implementation perspective is more of a step in the right direction than a decisive breakthrough, as the significant and impactful recommendations will be difficult to address ahead of 2027, which promises to be a democratically intense year throughout the continent. Nevertheless, as threats and dependencies have continued to rise across the board since September 2024, the assessment of European efforts to rebalance the strategic and economic relations with other leading global players is set to remain “too little, too late.”

Financing Investments

Implementation rate

Weighted average



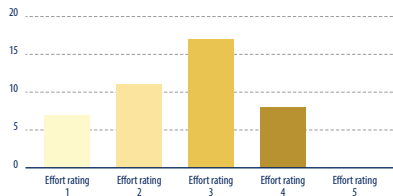
Time Horizon

ST/MT
(2 years)

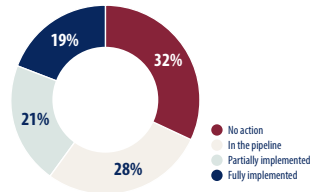
The Draghi report advocates for Europe to invest more in its production capacities. While the current state of reform is moderate, the legislative agenda will push the implementation rate toward 80 percent. However, a massive surge of European investments going to strategic projects will be a long game in a competitive field.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Contrary to the general consensus, structural issues of European investments in strategic sectors identified in the report show a respectable implementation rate of 32 percent. The report assigned recommendations on investments one of the most urgent deadlines, and indeed almost 80 percent of the recommendations have seen action taken, spanning across more than half of the report’s policy areas. Almost two-thirds, however, are yet to be fully implemented, especially on the allocation of public resources for industrial support, stronger incentives for European demand to go toward European products, and European financial integration. Even a quarter of implemented recommendations show some limitations.

The unenthusiastic part of the assessment mostly hinges upon the completion of the multiannual financial framework (MFF) for 2028–34, which is expected in 2027 and should impact a third of the recommendations yet to be fully implemented. With the Commission having put forward ambitious proposals for the MFF and for a more unified single financial market, the discussions between Member States and within the Parliament in the coming months will be decisive. In contrast, despite numerous discussions, there has been no action on common debt, nor significant actions to foster the completion of the Banking Union.

Driven by the MFF, the legal implementation rate should reach 80 percent.

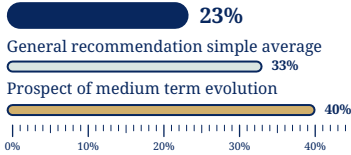
Despite the necessary challenging negotiations for European policymakers to agree on the next seven-year budget, our interviews have been broadly positive on securing a new MFF in line with the Draghi report's recommendations, as well as on deepening the Single Market for financial services. However, the report rarely sets values for the extra funding called for. Although formally implemented, the resulting actions are often of a lower magnitude than it would have been expected to effectively pursue the broader objective associated with the recommendation.

A massive surge in European investments going to strategic projects will be a long game. The €750–800 billion target set by the Draghi report would at least necessitate both a strong budgetary push and a substantial reform of the European financial sector. The former is simply not on the table in a general sense and is currently only visible in Germany for defense. As for the latter, it is more of a mixed batch, but no decisive breakthroughs are expected in the months to come other than on financial markets. The extremely high ambition set by Draghi makes those efforts more of a long game, in which European reforms are not as far behind schedule as they are for some of the most visible recommendations.

Strengthening Governance

Implementation rate

Weighted average



Time Horizon

ST/MT
(3 years)

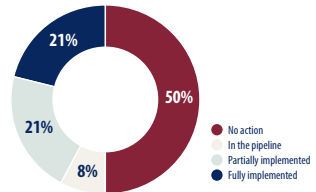
Regardless of the approach, Draghi calls for Europe to be more politically integrated. In line with common perceptions, governance is one of the least active themes of the Draghi agenda, with its implementation rate at 21 percent, as the majority of recommendations have not seen any formal proposition. Although perhaps less pressing as a matter of European competitiveness in the short term, the perspectives of a significant improvement in this regard are bleak.

Overview

Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Since 2024, EU institutional reform has concentrated on simplification, competitiveness coordination, and regulatory reform within the current institutional framework—areas that combined show a low implementation rate of 21 percent. The Competitiveness Compass, the Omnibus simplification packages, the SME and competitiveness checks, and the review of Merger Guidelines all move in the direction advocated by Draghi of a leaner unified EU framework. These efforts concern soft governance instruments at the hands of the Commission.

The recommendations on bolder reforms of EU governance remain so far untouched. Typically, extending qualified majority voting (i.e., restricting the veto power of Member States), clarifying (and/or extending) the use of emergency procedures (such as Article 122 TFEU), and advancing differentiated integration have not seen any formal proposal.

The medium-term outlook for implementation of the recommendations under this theme does not look promising, aiming at 40 percent at best. Simplification, coordination, and better-regulation initiatives are likely to continue to advance, as they benefit from a strong consensus among EU stakeholders. These efforts are likely to go beyond even the Omnibus packages, Single Market enforcement initiatives, and revised competitiveness checks already on the table. However, the prospects for deeper institutional reform remain limited. These recommendations require unanimity, treaty revision, or broad interinstitutional compromise at a time when Member States remain confronted with dynamic national-populist parties³⁵ and are primarily focused on industrial competitiveness, defense, energy security, and fiscal constraints.

The direct short-term impacts of governance on European competitiveness are by nature limited. The long-term effect remains dire as Europe continues to solve new problems with old tools. Slow legislative procedures, persistent unanimity constraints, and uneven national implementation will continue to prevent Europe from being an agile actor in a more volatile world where it is a key feature of efficiency and power.

³⁵ *Christophe Jaffrelot, Marc Lazar, Jeanne Lebaudy, and Blanche Leridon, Hungary, Poland, Italy: How National Populists Govern (Institut Montaigne, 2026), <https://www.institutmontaigne.org/en/publications/hungary-poland-italy-how-national-populists-govern>.*

Energy (Natural Gas)

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



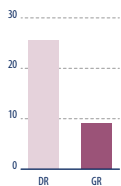
Time Horizon

ST/MT
(3 years)

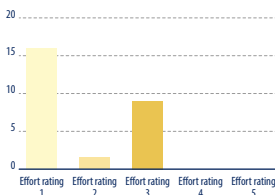
The European gas market faces three simultaneous challenges: a resilient diversification away from Russian gas, market spot prices that create high volatility and excessive prices, and a cross-cutting decarbonization ambition. With 15% of recommendations fully implemented and a majority having yet to see any action, the Draghi report has failed to spark meaningful traction in this policy area with one of the lowest implementation rates (19 percent).

Overview

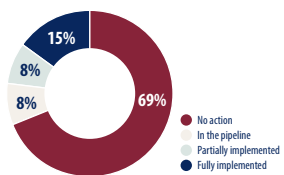
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Implementation of recommendations has been almost exclusively driven by nonbinding publications of the Commission to steer European actions that were diligently put in place in the context of the war in Ukraine. For example, the adoption of a roadmap toward ending Russian imports and facilitated gas imports from some third countries. However, the results achieved, and their solidity, are hard to fully appreciate—but they appear shallow at best.

Most measures (68 percent), including ones entirely at the hand of the Commission, **have not been met with propositions**. This is largely due to the inherent difficulty of the sector: reducing dependencies while decoupling from spot prices for gas supply is both politically and institutionally difficult to achieve.

Despite more positive political prospects with a new Hungarian government, no meaningful uptick in implementation of recommendations in this policy area is expected in the coming months—implementation is likely to remain stuck below 30 percent. The most impactful and structural measures would require Council-level negotiations. Further regulating financial markets and limiting speculative behavior to decouple prices would require an EU-level body to coordinate integrated supervision of energy markets. This would require transfer of Member States’ grid-management structures and regulators’ competencies to the Agency for the Cooperation of Energy Regulators (ACER)—but some Member States do not yet even have such institutions.

Over the past two years, Europe reduced its dependency on Russian gas, and electricity spot prices decreased in volatility. However, with almost no other actions engaged and such a short political window, further progress on price formation or further independence from Russian gas before May 2027 is unlikely. The Commission published its strategy to strengthen EU energy resilience, AccelerateEU, in April 2026, aiming to provide relief to energy prices and accelerate the transition to clean energy sources, but no legally binding action has yet been taken.

In the end, as long as gas prices remain linked to spot price formation, they will likely remain high.

The prospect of further political advancement on this front appears highly uncertain as long as the Strait of Hormuz situation has not been fully resolved. So far, governments mostly focused on emergency measures. Strengthened competitiveness will be obtained through progressive diminution of recourse to gas in the energy mix—but that will only be achieved in the long run.

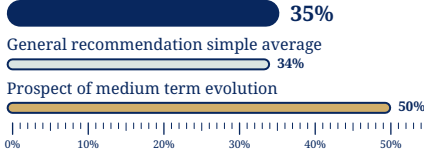
Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	81%	65%
Council of the EU	31%	27%
Member States	27%	23%
European Parliament	27%	27%

Energy (Electricity)

Implementation rate

Weighted average



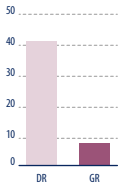
Time Horizon

ST/MT
(3 years)

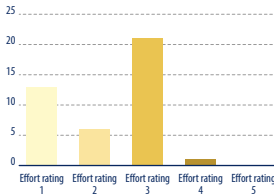
Stable, affordable, abundant, and decarbonized electricity is an essential building block in the Draghi report’s recipe for European competitiveness. **In one of the most recommendation-intensive policy areas, a great deal has been initiated but with a mild level of ambition, resulting in an average implementation rate of 35 percent.** The likely adoption of the next European budget and of the Industrial Accelerator Act (IAA) should, however, help increase this to 50 percent by 2027.

Overview

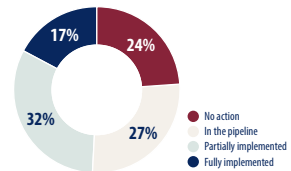
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Measures have been taken regarding three quarters of recommendations, with very few yet finalized. Under direct pressure from industries to lower electricity prices, the most pressing policy area of the report according to the time horizon set has already seen numerous pieces of legislation. Many key policies—reinforcement of system integration, storage and demand flexibility, investments in grids, and streamlining of administrative processes—derive from the Clean Industrial Deal (February 2025), which set a reform program for EU industry and energy in line with the orientations of the Draghi report.

As for the finalized recommendations, many have failed to achieve the ambition of the recommendation. The transposition of the RED III Directive should help facilitate permitting and the development of renewables though it is already considered insufficient and inadequate by several Member States; extended use of Power Purchase Agreements (PPAs) and Contracts for Difference (CfDs) have helped reduce prices and the dependency on fossil fuels in price setting, but they remain price-mitigating measures that do not directly tackle the long-term objective of strengthening integration of renewables in the European electricity market. In the end, the use of PPAs and CfDs also remains dependent on uptake by the Member States, which differs between countries.

The number of texts under negotiation—the Industrial Accelerator Act (IAA), the MFF, and the Grids Package—points to an implementation rate on track to pass the 50 percent mark next year, but the prospect beyond this number is cloudier. First, this is because it partly hinges on Member States initiating action—for example on the creation of national PPAs (market platforms to contract resources and pool demand between generators and offtake). Second, it is because part of the recommendations ask for changes in governance, which require more difficult and extended legislative processes and may not enjoy the support of all Member States—as in the case of a 28th regime for interconnections.

The recommendations put forward by Draghi are only steps toward this pathway, and the emergency measures that could improve competitiveness in the short term have already been implemented. Lowering European electricity prices in the long term requires enhanced European cooperation toward achieving a real Energy Union, as well as continued investment, demand flexibility, and innovation.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	68%	32%
Council of the EU	41%	24%
Member States	39%	32%
European Parliament	39%	26%

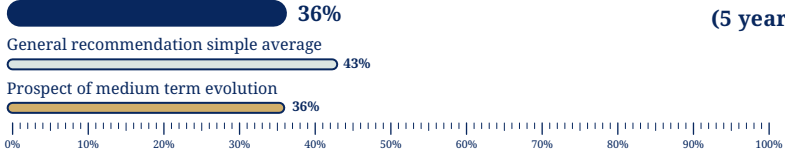
Energy (Horizontal)

Implementation rate

Time Horizon

Weighted average

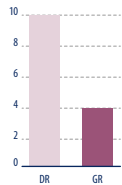
MT
(5 years)



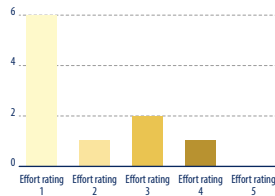
This third policy area shows a legal implementation rate of 36 percent, the highest rate of the three policy areas on energy. It covers both short-term and long-term objectives: In the short term, it seeks a harmonized approach to lowering energy prices and in the long term, innovation and governance-related measures. After two years of intense European negotiations on energy, the recommendations show heterogeneity in terms of their implementation. However, the implementation rate is expected to remain broadly at its current level, as no significant structural measures capable of materially enhancing competitiveness are currently in prospect.

Overview

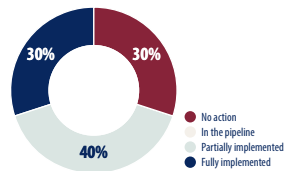
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



A series of pressing measures have been quickly implemented in the context of the energy crisis. Half of the measures aim to mitigate high prices (e.g., broader authorization of tax credits or reduced taxation) and have been partially implemented. In a similar vein, the Clean Industrial Deal State Aid Framework (CISAF) has been implemented as well as guidelines communicated by the Commission to Member States to harmonize electricity grid tariff methodologies, to avoid distortions in the Single Market. This contributed to harmonizing price relief for producers, without, however, having the ambition to achieve full price harmonization.

The second part of the recommendations—the more powerful and long-term measures that focus on fostering innovation and governance—show more diverse implementation statuses. **While some progress has been made on the introduction of innovation criteria in auctions or funding programs to leverage more funding for R&I, no action has been taken regarding the longest and most impactful recommendation, which calls for centralized decision-making within the Single Market for Energy.** Considering the high level of political sensitivity surrounding energy, and the fact that such a measure would require an institutional reform, the lack of progress is not surprising. Moreover, Draghi’s recommendation covers only part of what is actually necessary. Beyond electricity, achieving the Energy Union should address issues such as grids, interconnections, or demand and supply management.

With no meaningful proposal on the agenda or in sight, the implementation rate will not significantly evolve in the coming months. The next MFF may provide more forceful support for innovation in the field, but the potential for progress is limited to this.

The measures adopted have helped improve competitiveness in the short term but have largely been limited to providing price relief. More ambitious actions—such as promoting a broader deployment of renewable energy sources—would have required higher upfront investment but could have delivered a more substantial and lasting improvement in competitiveness.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	90%	40%
Council of the EU	30%	10%
Member States	10%	10%
European Parliament	30%	20%

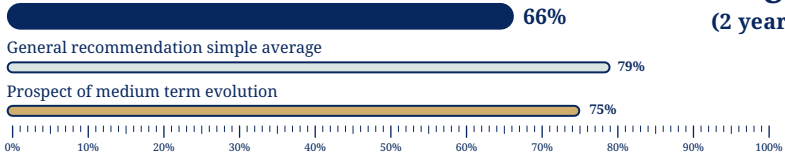
CRM (Priority Actions)

Implementation rate

Time Horizon

Weighted average

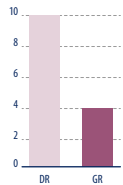
ST
(2 years)



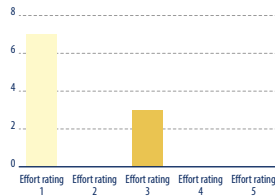
Draghi’s “priority actions” for Critical Raw Materials (CRM) represent a reinforced orientation of the reforms set out in the Critical Raw Materials Act (2023). **With one of the shortest time horizons set by the report, it is also the policy area with the most significant implementation rate at 66 percent**, even if the measures taken are not as ambitious as Draghi had hoped. Engagement from Member States has been varied, a factor that will continue to prevent full implementation of these recommendations.

Overview

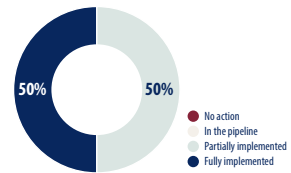
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Actions have been taken for all proposals under this policy area. Indeed, many of these were largely under preparation following the CRMA and hence were well advanced as the report was being drafted, such as the selection of the act’s strategic material-related projects or the bolstering of the European CRM Board that the legislation established. The remaining gap toward full implementation is in fact a reflection of less ambitious action than that recommended by Draghi and mostly revolves around lax coordination obligations between Member States. For example, the collective purchase platform is only

an option offered to firms and Member States and is yet to witness any actual transactions. In a similar vein, Member States have not all accelerated extraction and recycling permits, nominated a single contact point, nor developed national programs for exploring geological resources.

With the remaining gap in implementation derived entirely from partial implementations of all proposals, and no clear related measures on the Commission’s agenda, the prospect of greater implementation is weak. It is, however, likely that some Member States will autonomously continue to take further action, pushing the rate up to 75 percent by the end of 2027.

Overall, while the implementation rate is high, the limited reach of the Draghi report’s “detailed” recommendations restricts their potential impact. To this end, an effective platform to coordinate and operate the joint purchasing of materials or the financing of projects would be game changers. As competitors and partners around the world accelerate to secure critical materials, the EU risks remaining in a considerably vulnerable position.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	60%	10%
Council of the EU	10%	0%
Member States	40%	40%
European Parliament	0%	0%

Beyond CRMA Proposals

Implementation rate

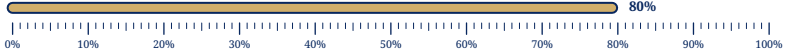
Weighted average



General recommendation simple average



Prospect of medium term evolution



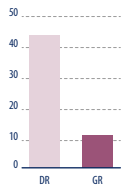
Time Horizon

ST/MT
(3 years)

In contrast to the CRM “priority actions” policy area, the recommendations in going “Beyond the CRMA” have seen stunted implementation, showing an implementation rate of 28 percent. More innovative by nature, these measures should see renewed momentum following the ResourceEU plan of late 2025, with the prospect of implementation increasing significantly by the end of 2026. The simultaneous acceleration of both Europe’s partners and competitors to secure supplies of CRMs makes the prospect of EU competitiveness in the field more uncertain.

Overview

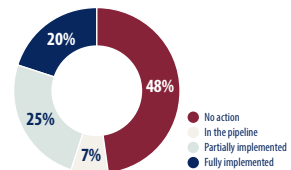
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



This policy area, which is second highest in terms of the number of detailed recommendations, has another distinctive characteristic: **The low implementation rate is also affecting the low-hanging fruit.** More than a third of the recommendations assigned a complexity index below 3 have still seen no action so far, making it one of the areas of lowest delivery from the Commission.

The poor results in implementation reflect a lack of formal propositions on four key dimensions. First, developing financial capacity to better secure mineral supplies is largely connected to EU discussions on the next multiannual financial framework (MFF), which is currently under negotiation. Second, developing joint strategies with like-minded global buyers by definition also depends on the eagerness of others to construct such a buyers’ club, which has been particularly challenging during the first eighteen months of the second Trump administration. Third, the creation of a true Single Market for waste and recycling is awaiting the Circular Economy Act. Finally, developing strategic stockpiles falls at the intersection of EU and Member State competencies, with the latter having demonstrated limited eagerness for binding EU obligations.

Given the ongoing negotiations and the upcoming proposals on international cooperation, particularly the proposed “Critical Raw Materials Center,” the MFF, and the forthcoming Circular Economy Act, **the implementation rate is set to significantly increase in the coming months (to 80 percent).** Among those interviewed for this study, there is optimism that the convergence of European stakeholders’ needs will result in a significant increase in the implementation rate.

Since these measures are yet to be finalized and adopted, **predicting the impact of these recommendations on better securing European access to critical minerals is difficult, and any such prediction remains, at best, an estimate.** However, the high proportion of unaddressed low-rated proposals is reflective of the limited consensus among European stakeholders in the field. Finally, **given Europe’s modest global footprint in the field, substantial future improvement of Europe’s position in CRM supply chains is unlikely.**

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	98%	64%
Council of the EU	64%	41%
Member States	20%	16%
European Parliament	52%	44%

High-speed/capacity Broadband: A New 'EU Telecoms Act'

Implementation rate

Time Horizon

Weighted average

MT



(4 years)

General recommendation simple average



Prospect of medium term evolution

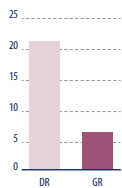


The implementation of a new “EU Telecoms Act” shows a relatively low rate of 23 percent, with no recommendations listed as fully implemented.

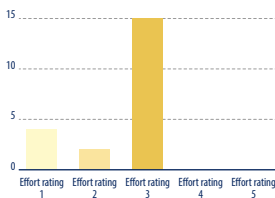
However, the issue might be more one of timing than roadblocks, and hence the prospects for European capacities in a field at the intersection of competitiveness, resilience and security may be bright.

Overview

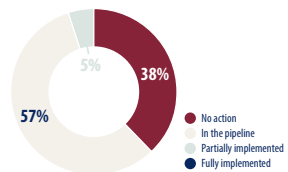
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The progress has mainly been due to the Commission’s proposals for a new Digital Networks Act (December 2025), a review of the Cybersecurity Act, and extra funding under the next multiannual financial framework (MFF). More than half of the recommendations are currently “in the pipeline”. At the EU level, these topics have been subject to cumbersome and fixed-date decision-making processes, reflected in the medium-to-long-term time frame set by Draghi, but these legal vehicles were already on the agenda prior to the publication of the report.

Measures have failed to see progress in the following areas: introducing a “same rules for same services” principle across telecom and adjacent digital services; defining telecom markets at the EU rather than the national level; and strengthening ex post intervention powers after merger clearance. These questions touch directly upon long-standing tensions among competition policy, industrial policy, and national regulatory prerogatives.

With half of the recommendations up for negotiation over the next eighteen months and the updated Merger Guidelines to be published before the end of 2026, the implementation rate for recommendations in this policy area should pass the 60 percent mark. Nonetheless, for the implementation to stick to the schedule and ambitions of the recommendations, Member States and the European Parliament need to find consensus on complex matters, notably on the Europeanization and acceleration of certain administrative procedures regulating the field, greater EU coordination on cybersecurity, and discouraging the presence of untrusted actors in European telecommunications.

Yet the real challenge for the competitiveness of the telecoms sector may ultimately lie elsewhere. **The main risk for Europe is probably not the pace of network deployment itself, for which the current reform trajectory remains relatively constructive. The risk is the absence of strong European players across strategic layers of the value chain—that is, cloud infrastructure, AI-enabled network services, cybersecurity, and advanced equipment.** Without resolving these structural weaknesses, Europe risks finding itself caught between dependence on non-European providers and the gradual obsolescence of parts of its telecommunications infrastructure.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	90%	38%
Council of the EU	71%	67%
Member States	14%	14%
European Parliament	71%	69%

HPC/AI/Quantum/Cloud: A New 'EU Cloud and AI Development Act'

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Time Horizon

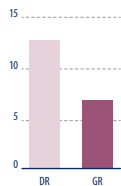
ST/MT

(3 years)

The implementation of Draghi’s recommendations on AI, cloud computing, and high-performance computing remains low (23 percent), despite the strategic centrality of this policy area for European competitiveness in the face of American sectoral dominance. Upcoming legislation should address many of the recommendations, but the substantial challenge is to overcome Europe’s quasi-structural deficiencies, from a fragmented market to complex regulation and insufficient financing capacities.

Overview

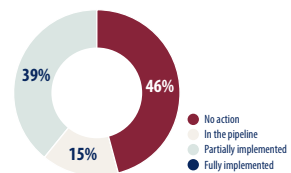
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The advances made so far have largely relied on adapting existing funding structures and EU instruments, resulting in a far more limited ambition than initially envisaged by Draghi, i.e., a genuine political prioritization of European AI infrastructure, notably through EuroHPC AI Factories, adjustments to the Horizon Europe and Digital Europe programs, and initiatives facilitating

access to computing resources. More than a third of the recommendations have also seen nearly no formal movement so far, though this is set to change shortly.

The low implementation rate of this demanding policy area, where more than half of the recommendations carry a complexity index of 3, reflects the fact that not a single recommendation has yet been fully implemented.

Considering upcoming legislation, however, implementation could plausibly approach 60–65 percent in the medium term, but roughly a third of the agenda—notably around funding scale, sovereignty choices, and industrial coordination (preference criteria)—is likely to remain difficult to implement forcefully. Indeed, between the ongoing and upcoming legislation, most recommendations will be addressed. The AI Cloud and Development Act will provide more funding and is predicted to introduce tighter security and resilience criteria in the sector. The same is true for the finalization of the Cybersecurity review and the Digital Networks Act. On the latter, some more constraints will also be proposed in the Digital Sovereignty Package to be expected over the summer. The MFF should provide, primarily through the European Competitiveness Fund, increased support for European innovation and producers in these sectors.

Beyond the formal completion of the report’s recommendations, the core tensions identified by Draghi remain largely untouched: the scale of financing required to compete with the United States and China, the absence of consensus on European purchasing preference and trusted-actor criteria, and the unresolved balance between openness and technological sovereignty, particularly regarding US cloud and AI providers.

In the meantime, global investment dynamics in AI continue to explode. **In the absence of a major and as yet unexpected breakthrough on the structural issues pointed out by Draghi, Europe will continue to fall behind.** This is almost irrespective of the formal implementation of the recommendations Draghi made almost two years ago—which is a considerable length of time in these fast-evolving sectors.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	100%	69%
Council of the EU	92%	62%
Member States	0%	0%
European Parliament	77%	62%

Semiconductor: A Revised EU Chips Act

Implementation rate

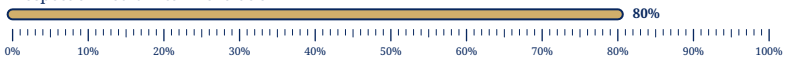
Weighted average



General recommendation simple average



Prospect of medium term evolution



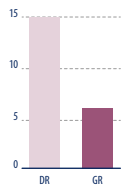
Time Horizon

ST/MT
(3 years)

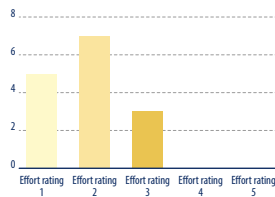
Despite the EU Chips Act of 2023, the foundational semiconductor sector is still underdeveloped in Europe, inducing strategic vulnerabilities for the continent. The Draghi report calls for enhanced funding and support mechanisms to help develop EU industry and innovation, alongside simplification and skills. **So far, the sector shows the lowest implementation rates (17 percent), but the expected revision of the Chips Act in June should address the majority of outstanding recommendations.** Decreasing the competitiveness gap, however, will be a long-term endeavor.

Overview

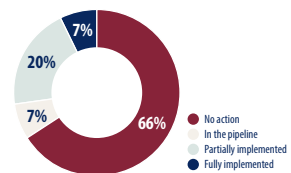
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The poor implementation rate in this all-important sector has a simple explanation: The revision of the 2023 EU Chips Act was fixed on the agenda for 2026. Based on media and information we obtained during our interviews, almost none of the ten detailed recommendations has seen any concrete action, and this is mostly on funding innovation and forms of EU preference in the Single Market. These should be covered in the EU Chips Act II.

This act is predicted to define and create consensus on priorities to fund and resolve most pending recommendations through grants and tax incentives, subsidies for strategic and innovative industrial initiatives and foundries, and the development of testing labs. The multiannual financial framework (MFF) is also set to amplify semiconductor-specific EU budget capacities, while the upcoming Digital Sovereignty Package is predicted to include security and preferential criteria. **These elements may contribute to a significant increase in the implementation rate to more than 80 percent in the near future.**

The limited acceleration of the EU Chips Act II calendar may signal a weak consensus among European leaders on orientations and their operationalization in practice. Another limitation of the implementation is found in the development of skills and human capital (scholarships for relevant sectors, short contracts with research centers, attracting skilled foreign personnel), competences that lie largely in the hands of the Member States.

It will take time and a mass sustained effort to redress Europe’s current weak competitive position in the field, despite several important niches. Few sectors have been receiving as much attention and support around the world recently, making Draghi’s 2024 recommendations somewhat out of date to give Europe a chance in the race for semiconductor capacities.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	100%	73%
Council of the EU	67%	47%
Member States	0%	0%
European Parliament	67%	57%

Energy-Intensive Industries

Implementation rate

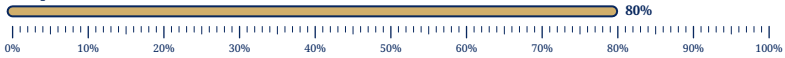
Weighted average



General recommendation simple average



Prospect of medium term evolution



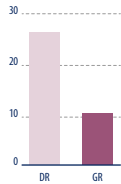
Time Horizon

ST/MT
(3 years)

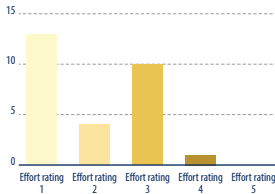
While a non-insignificant 37 percent of Draghi’s recommendations concerning Europe’s traditionally energy-intensive industries (EIIs) have been legally implemented, more are already on the agenda. These substantial efforts would, at best, stabilize European competitiveness in sectors that since 2022 have been affected by renewed tension on energy supply and price, as well as mounting global competition.

Overview

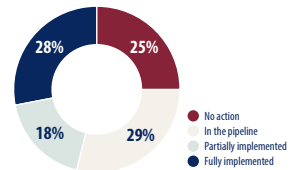
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Europe has taken some indisputably positive steps: The Clean Industrial Deal increased policy coordination across energy, trade, and growth, and the revised State Aid Framework harmonized rules on electricity price reliefs (CISAF). Moreover, efforts toward improving the Carbon Border Adjustment Mechanism (CBAM) framework during the transitional phase (simplified interface for third-country participation, common standards, and extending the scope to include downstream products) are notable but have remained limited—and the

transition will be over at the end of the year. In parallel, the EU has taken steps toward greater coordination of industrial subsidies. The Auction-as-a-Service has provided a less legally binding response to the report’s call for an EU-wide harmonization of subsidy allocations with respect to the European Hydrogen Bank and Carbon Contracts for Difference (CCfDs).

Concrete action is yet to materialize on increased investment of Emissions Trading System (ETS) revenues in EILs at both the EU and Member State levels, or on CBAM revenues for the latter. On the international front, the “common understanding” on ETS linking with the UK remains the only visible progress of bilateral cooperation so far.

The current implementation rate could exceed the 80 percent mark over the course of 2027. The Commission’s proposal for an Industrial Accelerator Act is a clear response to recommendations on accelerated permit procedures, industrial clusters, low-carbon criteria, and tacit approval for projects. The announced “Industrial Decarbonization Bank” could increase indirect ETS funding of decarbonization projects, while the overall ETS review is scheduled for this summer. The upcoming “Circular Economy Act” should improve circularity for raw materials, while prospects for a coalition on green steel, aluminum, and clean steel standards to combat Chinese overcapacity may yet emerge.

Draghi’s twofold objective of facilitating the path toward decarbonization for EILs and leveling the playing field with international competition seems to be high on the Commission’s agenda. **In the long term, however, these goals will only be achieved via CBAM extensions and export carbon reduction in addition to international cooperation through CBAM diplomacy.**

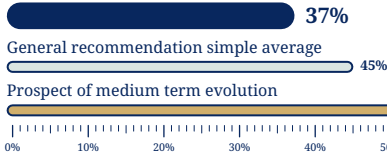
Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	96%	36%
Council of the EU	54%	46%
Member States	7%	7%
European Parliament	50%	46%

Clean Technologies

Implementation rate

Weighted average



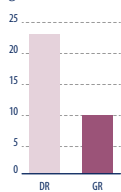
Time Horizon

ST/MT
(3 years)

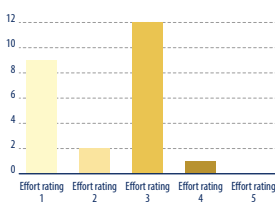
The implementation rate for clean technology sits at 37 percent, a figure mostly driven by progress made in implementing the Net-Zero Industry Act (NZIA) (June 2024) and the “low-hanging fruit.” However, the concretization of ongoing negotiations, such as those on the multiannual financial framework (MFF) and the Industrial Accelerator Act (IAA), is expected to push the implementation rate up significantly. The remaining necessary measures do not appear likely in the near term—as they mostly touch upon the biggest stumbling block, investment. Nevertheless, the main impediment to European competitiveness in the sector remains China’s exceptional rise in the field.

Overview

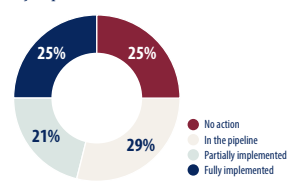
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The completion of the NZIA represents almost the entirety of the finalized measures, alongside the streamlining of permitting measures. Among the measures pertaining to the NZIA, the EU has established its first diversification criteria to reduce dependencies on third countries and reinforced EU-level coordination with industries and research through the Net-Zero Europe Platform.

The other main drivers are legislative texts currently under negotiation, for instance on local purchasing-preference criteria and the leverage of knowledge transfers through foreign direct investment (FDI) in the IAA or streamlining of funding measures in the next MFF.

Several significant measures have seen no action. These include investment measures and have been stalled as a result of political sensitivity and disagreements between Member States on moving state aid resources to the EU level or adopting a screening instrument for outbound EU investment in clean technologies.

Combining the 29 percent of recommendations under negotiation deemed promising by the policymakers interviewed in this study, the implementation rate should approach 65 percent, with the adoption of the MFF and IAA. However, the remaining partially implemented or unaddressed measures do not appear to be on the Commission’s agenda for the near term. Outward FDI screening has seen little uptake, as the existence of European technology leakage through this channel is far from obvious. The full transfer of the enforcement of competition regulations at the EU level for the clean-tech sectors is not considered a priority given the good coordination of national players on this front.

European clean-tech production will benefit from more forceful support, including measures to secure demand for clean products in European production as well as the extra funding proposed in the next MFF. **The effects of these, however, are likely to be trumped by Chinese competition. Recommendations that may have a more marked impact on European competitiveness seem, on the contrary, to have a limited chance of materializing.** However, these conversations appear meager against mass overcapacity-driven and subsidy-fueled Chinese exports in the field.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	79%	33%
Council of the EU	46%	38%
Member States	25%	13%
European Parliament	42%	40%

Automotive

Implementation rate

Weighted average



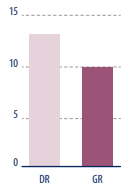
Time Horizon

ST/MT
(3 years)

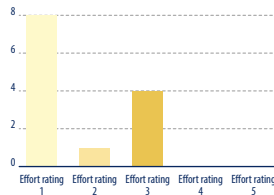
Draghi’s recommendations focus more on limited coordination and planning than on transformative action. **Within this constraint, only a very small number of less significant recommendations have been fully implemented. Hence, the legal implementation rate of just 33 percent.** The simultaneous prevalence of coordination and planning in the recommendations, of limitations on fully implemented measures, and of heightened levels of Commission activity points toward a high-stakes policy area with limited European consensus.

Overview

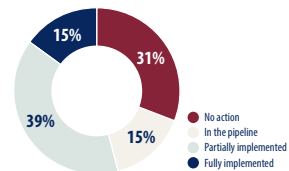
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The recommendations of the Draghi report that have been implemented are mostly related to nonbinding coordination and planning measures conducted by the Commission. The Industrial Action Plan for the European Automotive Sector presented in March 2025 is a prime example. The European Connected and Autonomous Vehicle Alliance and European Digital Vehicle Ecosystem also fall into this category. More forceful action falls short of the initial ambition. The European tariffs on made-in-China electric vehicles have only partially leveled the playing field in the sector. Although new dedicated

provisions have been added to recent EU trade agreements, in particular with Chile and the Mercosur bloc, this is still distant from the strategic partnerships needed to diversify the sourcing of raw materials.

Currently, more impactful measures have yet to see formal action. The review of the ban on combustion engines is yet to be initiated. No common standards on charging, recycling, or autonomous vehicles have been supported so far. Despite some similar orientations for clean tech and EIs, the EU has left idle the idea of setting up reinforced Net-Zero Acceleration Valleys.

Current negotiations on proposed texts such as the Automotive Omnibus and the European Competitiveness Fund could extend the legal implementation rate to near 60 percent in the short term. **Despite these efforts, the impact on the competitiveness of the sector will be moderate, as there is a strong sense of disconnect between the set objectives and the actual policy recommendations the report puts forward.** Moreover, the techno-industrial rise of Chinese competitors has only further complicated the situation of European automotive competitiveness.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	92%	46%
Council of the EU	31%	15%
Member States	15%	15%
European Parliament	31%	23%

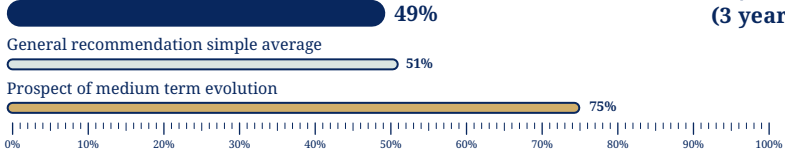
Defence

Implementation rate

Time Horizon

Weighted average

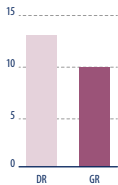
ST/MT
(3 years)



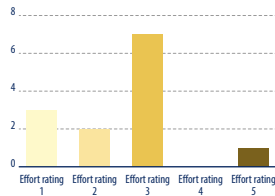
At 49 percent, the European defense sector is among the most advanced policy areas in the Draghi report in terms of implementation. In response to new pressure from the second Trump administration, significant progress has been made, mostly where EU instruments can facilitate and complement national strategies. While discussions remain dynamic, the prospect of a more decisive set of measures for more coordinated European effort is bleak because more coordination now would lead to integration, which raises a political issue.

Overview

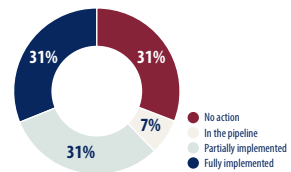
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The fully implemented measures (31 percent) concern instruments combining EU funding with flexible coordination mechanisms, once made even more pressing by the US retreating from engagement with respect to Ukraine. Examples of strong progress include the European Defence Industry Programme (EDIP), adopted in December 2025, and the Security Action for Europe (SAFE) common debt instrument. The European Defence Industry Reinforcement Through Common Procurement Act accelerated joint procurement and standardization efforts.

By contrast, aggregation of demand, coordinated procurement strategies and European-preference mechanisms remain only partially implemented (also 31 percent). Defense procurement continues to reflect national industrial interests, bilateral alliances, and dependence on US systems. The absence of progress on coordinating demand across the board and even specifically regarding acquisitions of American equipment illustrates these limits clearly, with zero action having formally been undertaken.

Implementation is nevertheless expected to deepen over the coming year and a half toward 75 percent through the Defense Omnibus, SAFE, and EDIP operationalization, along with the next multiannual financial framework (MFF). This trajectory could gradually improve economies of scale, industrial visibility, and intra-European interoperability. **However, without stronger coordination of procurement planning and demand aggregation, the EU's capacity to create a genuinely competitive and integrated defense market will remain structurally constrained.** Any significant improvement beyond the announced trajectories of rising defense spending would necessitate a major breakthrough for collaborative action, which does not feature on the European agenda as of now. **All things considered, in defense, the ramp-up of spending and increased engagement of some Member States offers some reason for hope, although with more limited EU coordination than Draghi had prescribed.**

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	85%	23%
Council of the EU	69%	23%
Member States	23%	23%
European Parliament	69%	35%

Space Sector

Implementation rate

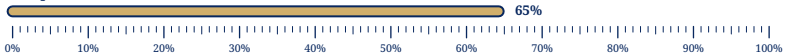
Weighted average



General recommendation simple average



Prospect of medium term evolution



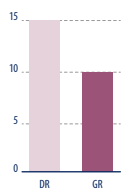
Time Horizon

ST/MT
(3 years)

The Draghi report underscores that the European space sector suffers first and foremost from institutional, regulatory, and industrial fragmentation, feeding into a lack of public and private investment. Thus, it calls for significant strategic changes, a deep restructuring of space policy, an investment boost, and better integration of space markets; only 23 percent of these calls have been implemented, but several negotiations should begin in the coming months. In combination with the spillovers from the massive scale-up of European defense spending initiated, Europe has a chance to stand its ground in a sector where competitors are also doubling down.

Overview

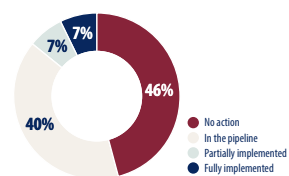
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Indeed, the sector has seen very few concrete measures to implement the Draghi report's recommendations—**only 40 percent are currently under formal negotiation.** One piece of concrete action observed so far was the creation of the European Investment Bank's (EIB) Space Lending Facility, a lending

envelope under the TechEU initiative, both facilitating access to funding for SMEs and providing a little more resources for the sector. These underwhelming results reflect the complex governance structure of the European space sector, fragmented between different bodies: the European Space Agency (ESA), the EU Agency for the Space Programme (EUSPA), and the national agencies.

A significant 46 percent of recommendations have yet to be addressed.

These include all measures for more integrated governance around the EU, concentration of funding, and a more integrated Single Market. The lack of traction on a formal inflection of the geographical return, advocated for by Draghi, significantly hinders progress.

Between the negotiations on the multiannual financial framework (MFF) and the dedicated ambitious EU Space Act, the implementation rate should reach closer to 65 percent by the end of 2026.

The European Space Shield, expected for Q2 2026, aims to reinforce the defense capabilities of Member States and bolster European space assets. These should further increase the rate, even if the precise content is as yet uncertain.

Despite the fact that the Commission is de facto circumventing some of the difficulties in geographical return and ESA independence, **the crux for Europeans is the rise of its competitors.**

The US and China have vastly outpaced European public and private space investments, having developed their NewSpace ecosystems at unprecedented speed. Hope for the European space sector is likely to be found in the spillovers from the scale-up of the defense spending to which Europe has committed.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	73%	27%
Council of the EU	47%	40%
Member States	40%	33%
European Parliament	40%	33%

Pharma

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



Time Horizon

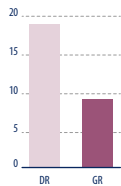
ST/MT

(3 years)

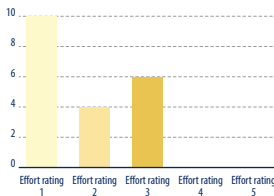
The implementation of Draghi’s recommendations in the pharmaceutical sector, hovering around 35 percent, remains uneven between areas where the EU already holds operational levers—agencies, funding instruments, or soft law—and national systems or market-shaping intervention. With limited reforms on the agenda, prospects do not look promising, especially as the sector is confronted with the accelerated rise of China.

Overview

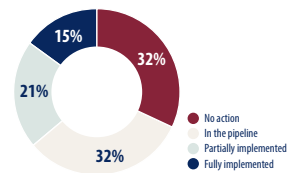
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Implementation has advanced where the EU could rely on existing instruments rather than needing to create new governance instruments. Al guidance progressed rapidly through the European Medicines Agency (EMA), while financing demands moved through InvestEU, HERA Invest, and biotech initiatives extending existing EU/European Investment Bank tools.

The main bottlenecks appear where Draghi’s recommendations require the integration of national health systems. Although the European Health Data Space Regulation (EHDS) was adopted, its implementation remains constrained

by fragmented health IT systems, uneven data standards, and legal uncertainty around secondary use of data. This explains the limited progress on DARWIN EU, legacy data standardization, and genome sequencing. Clinical trial reforms are also hindered by similar constraints. The EU Biotech Act improves coordination through harmonized templates and partial alignment but avoids creating a binding EU-level authorization body given Member States' control over healthcare systems (Article 168 TFEU).

Implementation is nevertheless expected to significantly progress in the next eighteen months for one of the most long-term policy areas of the Draghi report (three to four years). The EHDS operationalization, the Biotech Act, the Critical Medicines Act, and future EU4Health and InvestEU programs could improve supply-chain resilience, scale-up financing, and Europe's attractiveness for biotech and clinical R&D.

However, the absence of funding continues to constrain the emergence of a fully competitive European pharmaceutical market capable of competing with the United States. In the meantime, the sector is being shaped by the rapid rise of China as a base for developing and testing medicines, by international firms as well as homegrown ones.

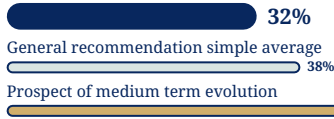
Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	89%	42%
Council of the EU	42%	26%
Member States	16%	11%
European Parliament	7%	32%

Transport

Implementation rate

Weighted average



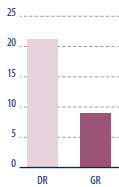
Time Horizon

ST/MT
(3 years)

The Draghi report highlights the importance for European competitiveness of a prosperous transport sector, which is an essential backbone for much of the broader economy. Navigating the twinned green and digital transitions makes this sector particularly complex and intricate at a time of downward European investment, energy tensions, and rising global competition. **Currently, the transport sector shows a 32 percent implementation rate**, which is expected to climb sharply by the end of 2027.

Overview

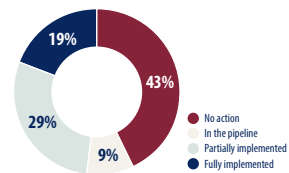
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



In fact, the European transport sector has made relative progress to align decarbonization with industrial competitiveness. In particular, the publication of the Sustainable Transport Investment Plan (November 2025) shifted infrastructure planning to prioritize alternative fuels and fully multimodal networks alongside regional cohesion: it unveiled the mobilization of €2 billion for sustainable alternative fuels until 2027 through InvestEU. Furthermore, the Commission introduced schemes to de-risk and finance decarbonization in hard-to-abate segments by leveraging the European Competitiveness Fund and launching targeted de-risking auctions for aviation and maritime fuels.

However, a considerable number of detailed recommendations for this sector have been, at this point, only partially implemented (29 percent).

These measures primarily concern removing barriers to market integration and interoperability and launching EU innovation projects through public–private partnerships. Efforts such as the Horizon Europe-funded RESKILLING project, which brings together twenty Connected, Cooperative & Automated Mobility (CCAM) initiatives are advancing the recommendations, although they will inevitably create new challenges for employment. In fact, training and employment are the current weak links in these efforts. Even more critically, international partnerships on strategic infrastructure have yet to get off the ground. On interoperability and connectivity, the Commission repealed its proposal on international markets for bus and coach services.

Ongoing negotiations are likely to push the legal implementation rate toward 50 percent in the next eighteen months. Crucially, the negotiations for the 2028–34 multiannual financial framework (MFF) and its Connecting Europe Facility (CEF 3) are predicted to align heavily with Draghi’s recommendations to boost public and private funding for cross-border connectivity. While these financial tools, along with the demanding EU regulation on mobility (COM 2025/0847), would significantly enhance the European transport sector, they currently remain in the legislative pipeline.

Dynamic EU-level policymaking can only go a limited length in supporting strongholds of European competitiveness. A better-protected and more integrated Single Market is surely an important contribution. For financial support and skills, the bulk of the levers sit with the Member States.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	76%	48%
Council of the EU	62%	29%
Member States	33%	29%
European Parliament	62%	38%

Innovation

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



Time Horizon

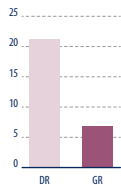
ST/MT

(3 years)

One of Draghi’s leading messages is that European innovation is being out-paced by the United States and, in more and more sectors, by China. **Despite how crucial innovation is for productivity, recommendations in this policy area have only seen a legal implementation of 28 percent.** Although the outlook of implementation in the medium term might look promising, the most impactful measures for a state-of-the-art European innovation environment do not, especially as the Member States are yet to demonstrate a sense of urgency.

Overview

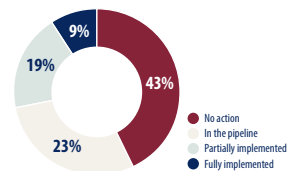
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Notable efforts have been made to support innovative start-ups, not least the proposal for a “28th Regime”³⁶ but also streamlining financing via the European Competitiveness Fund, both of which are with the co-legislators. Marginal progress has been seen on increasing investments in research and technology, as in the financing envelope proposed for the 2028–34 Horizon

³⁶ Jeanne Lebaudy, “EU Inc. : formule gagnante pour la compétitivité de l’UE ?,” Institut Montaigne, March 19, 2026, <https://www.institutmontaigne.org/expressions/eu-inc-formule-gagnante-pour-la-competitivite-de-lue>.

Europe framework or the European Investment Bank’s TechEU Initiative. Promoting European academic excellence has been limited for the time being to a new funding call titled the “European Excellence Initiative.”

Progress remains stagnant on more than a third of recommendations. In the research area, this translates into no concrete steps toward promoting, supporting, or commercializing academic excellence, a domain in which Draghi reminds us that Europe is vastly outperformed by top universities in China and the US, once the UK and Switzerland are set aside. The budget of the European Research Council (ERC) has not seen a cent more added, let alone the doubling Draghi recommended. Regarding investment, little increase in private-sector support for innovation has been observed and no radical change in Europe’s inadequate financial ecosystem has been detected, particularly in venture capital and institutional investors. Finally, no EU version of the US ARPA model, in which multiple actors compete for state-backed problem-solving capital, has been created.

In the short to medium term, the 28 percent legal implementation rate may go beyond 50 percent, considering the current multiannual financial framework (MFF) negotiations, **although the potential impact on European competitiveness remains uncertain.** The 28th regime’s goal of regulatory harmonization may indeed increase Europe’s much-needed venture capital appeal, and with it increased scale-up possibility for start-ups, but for now, Europe’s fragmented innovation ecosystem persists. **Without a European proper ARPA or stronger financing environment for high-risk, high-reward research, Europe’s institutional set means it will likely stay in a reactive, catch-up position relative to the US until it shifts toward an approach that actively favors disruptive innovation.**

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	95%	43%
Council of the EU	76%	57%
Member States	19%	19%
European Parliament	76%	64%

Closing the Skills Gap

Implementation rate

Weighted average



General recommendation simple average



Prospect of medium term evolution



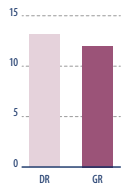
Time Horizon

ST/MT
(3 years)

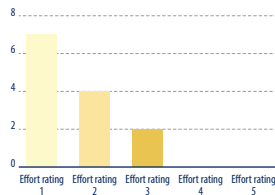
In light of rising shortages and fast-evolving production needs, the Draghi report calls for the EU to invest in lifelong learning and attract international skilled workers. However, the absence of traction from Member States and the only supporting competence of the EU has limited and will continue to limit implementation, hindering long-term EU competitiveness. **Currently, this policy area displays a comparably low 22 percent legal implementation rate.**

Overview

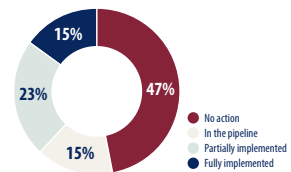
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Recommendations that have seen some actions taken are mostly related to guidelines and planning. Throughout 2025, the Commission has published topical and sector-specific education and skills plans for STEM, basic skills, the Union of Skills, attracting skilled workers, net-zero industries, and cybersecurity. The one exception is the EU Talent Pool Regulation, which is set to create a voluntary EU-wide digital matching platform connecting employers in the EU with third-country nationals.

The low implementation rate can be explained by the fact that half of the recommendations have seen no action in a field in which the EU's competencies are limited. On the more legally complex front, Draghi highlighted the need to streamline immigration procedures for highly skilled workers and to improve the working conditions of teachers. These have, unsurprisingly, seen no movement.

Implementation is only projected to increase to a low 30 percent. Only a handful of EU actions appear on the agenda. Typically, the impact of initiatives upcoming in 2026 such as the European Strategy for vocational education and training (VET) or the teachers' agenda, will once again depend entirely on the goodwill and political commitment of the Member States. Indeed, the EU has only supporting competence in education and training, which falls under national competence (art. 165–166 TFEU). EU-level action is therefore limited to nonbinding "soft law," hence the abundance of low action complexity indices (more than 50 percent of recommendations were assigned a complexity index of 1). Finally, there is also no indication of an adjustment of the direction of travel of Member States.

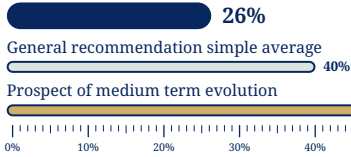
Dire consequences could await Europe because of its growing skills gap. China trains roughly 1.3 million new engineers per year, and despite the US's increasingly restrictive anti-migration policies, the US innovation ecosystem has not ceased to appeal to European talent. The limited engagement of Member States could point toward a lack of awareness regarding the urgency and centrality of skills to European competitiveness. In the background, the international competition for skills and talent is only increasing.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	85%	38%
Council of the EU	31%	23%
Member States	15%	15%
European Parliament	31%	27%

Sustaining Investment

Implementation rate
Weighted average

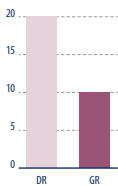


Time Horizon
No time horizon given

Sustaining investment is a singularly complex topic within the EU structure, one in which the Draghi report has not been shy of major calls and big numbers. The relatively low implementation rate (26 percent) should witness a sharp increase with the termination of the multiannual financial framework (MFF) negotiations and the multiple ongoing reforms toward a more integrated financial sector. The potential to significantly impact EU competitiveness is there but will need to be confirmed in the outcome of these negotiations.

Overview

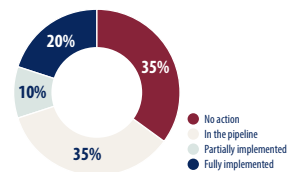
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



The low implementation rate is representative of both the complexity of the subject in question and the preestablished calendar of EU negotiations. Sustaining investment constitutes one of the most complex policy areas in the Draghi report (over 50 percent of recommendations were assigned a complexity index of 3 or higher).

The most significant progress has been driven by measures currently under formal negotiations such as the MFF negotiations, which were due to take place from 2025 onward. So far, the Commission’s proposal has largely embarked on the Draghi report’s recommendations for increased and streamlined funding for strategic sectors through the European Competitiveness Fund (ECF). Notable progress has also been made on the road to the Savings and Investments Union, formerly referred to as the Capital Markets Union, under the Master Regulation. In addition, a few technical financial reforms have been fully implemented, such as adjustments to Solvency II capital rules and a targeted competitiveness review of the banking sector, and on aspects related to the implementation of Basel III, which finished in April of this year.

In contrast, **there has not yet been any action toward a more integrated banking sector.** Similarly, and despite numerous discussions, there has been no progress on the issuance of common EU debt.

The positive dynamics of discussion around the MFF and more integrated financial markets should push the implementation rate toward 67 percent by the end of 2027. However, less enthusiastic discussions around the Banking Union, on the back of a mix of political sensitivity and some highly specific functioning (especially around German local lenders), and the absence of a prospective framework on extra common debt put a ceiling on what achievements are feasible at a maximum of 67 percent.

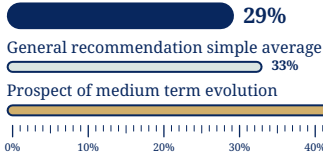
While the €800 billion Draghi called for to be mobilized is probably an unrealistic objective (see Box 2), in the long run, the combination of a more integrated financial market and better-targeted EU budgetary capacities should deliver a significant push to European competitiveness. **Extra financing alone will not attract the necessary private investment**, for which Europe is competing with a deregulated and energy-rich US and a heavily subsidized Chinese ecosystem dedicated to techno-industrial performance.

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	95%	30%
Council of the EU	65%	60%
Member States	20%	20%
European Parliament	65%	63%

Revamping Competition

Implementation rate
Weighted average

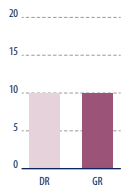


Time Horizon
No time horizon given

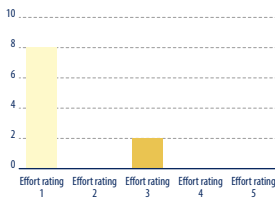
Europe is sometimes referred to as a “Hayekian” regime, strong on competition rules and more cautious toward industrial policy. Granting competition policy a stand-alone policy area, Draghi’s proposals aim to make these complementary via a balancing act of maintaining a predictable and fair antitrust framework with increased analytical dimensions, seeking to better enable European firms to compete internationally. **Despite the relatively “easy” legal instruments required to carry out the recommendations, the implementation rate sits at 29 percent but is set to substantially increase in the months to come.**

Overview

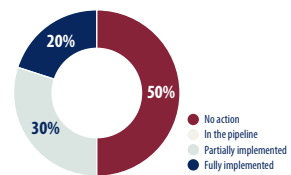
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Since most of the recommendations require amending EU competition rules, an exclusive competence of the Commission, all but two were assigned a complexity index of 1. Despite this, **only half of the recommendations have seen action.** Progress emanates primarily from the enforcement of the Digital Markets Act (DMA) and the Foreign Subsidies Regulation (FSR), including

fostering the openness and interoperability of digital platforms, the production of informal guidance letters and the clarification of the relaxing of rules for energy-intensive industries (CISAF).

This low implementation rate reminds us that what might be considered “easy,” in legal terms, may also be politically and conceptually cumbersome. Conceptually, integrating security, resilience, and innovation criteria into competition policy remains difficult since these are uncertain and do not fit a regulatory logic oriented toward predictability and objectivity. Politically, some Member States remain cautious, particularly on policies that, once adopted, will be “imposed” on them by the Court of Justice of the European Union.³⁷

Implementation is soon set for a sharp increase, though the effect on EU competitiveness should not be overestimated, as the initial hurdle might not be as decisive as sometimes presented. At the end of April, the Commission published new Draft Merger Guidelines for a two-month public consultation, that, if officially adopted, has the potential to change five out of ten recommendations to “fully implemented.” When added to the revision of the procedural framework for competition rules (Art. 101 and 102 of the TFEU), the rate will be propelled closer to 70 percent. Prospects of expanding IPCEIs to include a broader definition of “innovation,” however, do not seem to be on the agenda.

A low implementation rate does not mean a decrease in European competitiveness. The most legally complex recommendation, a “new competition tool,” is no longer considered a priority by policymakers or stakeholders. Instead, the extensive mobilization of the DMA and FSR is achieving the goals Draghi hoped the new tool would attain. **Market fragmentation and national champion dynamics,** however, particularly in defense and industrial policy where Member States tend to favor national players, **continue to present an obstacle to European competitiveness, perhaps more than competition policy reforms.**

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	100%	70%
Council of the EU	10%	10%
Member States	0%	0%
European Parliament	10%	15%

³⁷ Thomas Harbour, “Europe’s New Merger Playbook: Evolution or Revolution?,” Institut Montaigne, 2026, <https://www.institutmontaigne.org/en/expressions/europes-new-merger-playbook-evolution-or-revolution>.

Governance

Implementation rate

Time Horizon

Weighted average

MT
(4 years)

18%

General recommendation simple average

36%

Prospect of medium term evolution

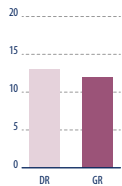
24%



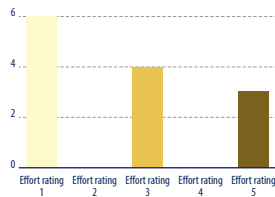
More efficient and collective governance is a key stream of reform of the Draghi report. Eminently complex, the corresponding measures have yet to take off, and so further implementation is expected in the near future, though with limited reach. **EU governance reform remains one of the least-implemented areas of the Draghi agenda (18 percent)**, reflecting the political sensitivity of institutional reform within the Union.

Overview

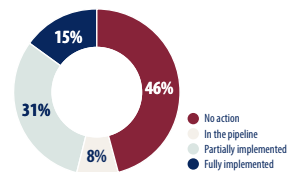
Number of detailed and general recommendations



Effort rating count of detailed recommendations



Detailed recommendations by implementation status



Progress has been concentrated around low-constraint measures that could be implemented within the existing institutional framework—mainly Commission-led coordination tools, simplification initiatives, and soft law instruments. The Competitiveness Coordination Framework and the subsidiarity inquiry were rapidly implemented through nonbinding instruments. Initial steps have also been taken on simplification and innovation hubs. Other measures are advancing but remain incomplete, such as competitiveness checks and Single Market enforcement. SME proportionality is the only element listed as “in the pipeline.”

By contrast, recommendations implying treaty changes, transfers of sovereignty, or institutional rebalancing remain largely blocked. The extension of qualified majority voting (QMV), the clarification or expansion of Article 122 TFEU, which allows the Council of the European Union to adopt emergency measures relatively quickly, and the reform of expert groups all remain at 0 percent. This is indicative of the high levels of political sensitivity surrounding these issues, within both the institutions and the Member States. Intermediate proposals, such as “concentric circles” integration—where progress was only seen in the “Coalition of the Willing” for security in Ukraine—remain partial and informal.

Further progress is likely on simplification and competitiveness screening. However, broader governance reforms remain unlikely before the next institutional cycle and major national political sequences, including the 2027 French presidential election.

As a result, governance reform may improve the EU’s regulatory efficiency in the short term, but there is still reason to be somewhat pessimistic regarding its capacity to structurally accelerate European decision-making and European coordination. While of limited impact to short-term competitiveness, **Europe’s lack of agility in a more brutal and challenging environment will be detrimental to its ability to assert its interests, including economic ones, in the long term.**

Responsibility

Actor	Initial responsibility	Pending responsibilities
European Commission	77%	46%
Council of the EU	54%	46%
Member States	31%	31%
European Parliament	54%	50%

For this study, a total of **567 recommendations** were extracted from the **twenty policy areas** found in Part B of the Draghi report. These were evaluated using **four main analytical dimensions**: legal complexity, institutional responsibility, current status of implementation, and time horizon. This section lays out the methodology used to construct the database of the Draghi report’s recommendations and the corresponding measures undertaken since.

GENERAL AND DETAILED RECOMMENDATIONS

All 567 recommendations were isolated using the support of an AI tool, verified by a member of Institut Montaigne, and then categorized as either **“general”** or **“detailed”** recommendations.

“General” recommendations are defined as all recommendations listed in the proposition summary tables at the end of each policy area and all propositions in the form 2A/B/C. They do not include propositions listed as Proposal 1.a/b/c, etc., which are detailed recommendations and are discussed shortly below. An example of the summary table of proposals for the policy area “Accelerating Innovation” is shown in Figure 7.

Figure 6 • Reference image to show proposals:
summary table from the “Accelerating Innovation”
policy area

SUMMARY TABLE – INNOVATION PROPOSALS	TIME HORIZON ¹⁰
<p>1 A better financing environment for disruptive innovation, start-ups and scale-ups: i) increase support to disruptive innovation, through an ‘ARPA-type’ agency; ii) expand incentives for business ‘angels’ and private/public seed capital investors; iii) leverage the European Investment Bank (EIB) and National Promotional Banks (NPBs) to mobilise public-private funds and favour co-investment in ventures requiring larger amounts; iv) increase the appeal of European stock markets for IPOs and for companies after going public; v) review Solvency II requirements and issue innovative investment guidelines for EU Pension Plans [as detailed in the sustaining investment chapter].</p>	ST/MT
<p>2 Design a simpler and more impactful tenth EU R&I Framework Programme: refocus the next Framework Programme (FP10) on selected priorities (new ‘EU Competitiveness Priorities’) and increase the budget to EUR 200 billion.</p>	ST
<p>3 Promote academic excellence and world-leading institutions: i) scale up the budget for fundamental research through the European Research Council (ERC); ii) launch a highly competitive programme to foster the emergence of world-leading research institutions (an ‘ERC for institutions’ programme); iii) introduce a favourable regime to attract top researchers (‘EU Chair’); iv) promote the mobility of researchers, extending Erasmus+; v) develop a European framework to facilitate private sector fundraising for public universities.</p>	ST/MT
<p>4 Invest in world-leading research and technology infrastructure: increase investments.</p>	MT
<p>5 More R&I and strengthened coordination of policies through a Research and Innovation Union: i) renew the commitment to increasing the EU’s R&D expenditure to 3%; ii) establish an EU R&I Action Plan; coordinate Member States’ R&I plans, setting priorities, fostering collaboration and initiating joint projects.</p>	ST
<p>6 A more favourable and simpler regulatory ecosystem for innovative companies: i) develop a new blueprint for royalty sharing between researchers and universities or Research and Technology Organisations (RTOs); ii) adopt a Unitary Patent system in all Member States; iii) introduce a new EU-wide statute for innovative ventures (‘Innovative European Company’); and iv) review public procurement rules to favour strategic innovation.</p>	ST
<p>7 Shared prosperity as a fundamental enabler of EU innovation: i) promote a coordinated reduction of labour income taxation for low- to middle-income workers; ii) address practices that limit labour mobility between companies like the non-compete and no-poach agreements.</p>	ST/MT

For policy areas where no summary table was listed, as was the case for “Revamping Competition” and “Sustaining Investment,” the blue numbered propositions in bold (see Figure 8) were registered as general recommendations. The only “general” recommendation that met the criteria for this definition and

was not included in the study was “2. Increase the financing capacity of the banking sector” from the “Sustaining Investment” policy area. This is because it had no accompanying “detailed” recommendations, and the recommendations that followed were listed in the form 2.A/B/C, each with their own detailed recommendations. As such, these were all included as stand-alone general recommendations.

Other studies on the Draghi report, such as the one conducted by the Elcano Royal Institute,³⁸ did not include the recommendation “Overcome fragmentation in the Single Market for goods and services removing barriers for innovation and company growth,” also found in the “Sustaining Investment” policy area. The absence of this recommendation in their study explains the difference between the commonly cited figure of 176 and the 177 found in this report.

“Detailed” recommendations refer to all actionable policy recommendations found beneath the “general” recommendation. An example is shown below in Figure 8. The detailed recommendations were initially extracted with the support of an AI tool and then verified by a member of Institut Montaigne. Actionable recommendations are defined as “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 “done.” Statements that are passive, aspirational, vague, or exploratory (e.g., ‘consider’) do not qualify.” General recommendations that had no accompanying detailed recommendations were also entered as detailed recommendations in the database.

³⁸ Miguel Otero-Iglesias and Paula Oliver Llorente, coords., *Dissecting the Draghi Report* (Elcano Royal Institute, December 2024), <https://media.realinstitutoelcano.org/wp-content/uploads/2024/12/2024-web-dossier-dissecting-the-draghi-report-1.pdf>.

Figure 7 • The “general” recommendation with the overarching policy aim is in blue. One of the associated “detailed” recommendations is in bold and black 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.

Where the general recommendation was listed differently in the summary table than in the explanatory section that follows, as seen in Figure 8, the latter formulation was registered in the database. This is particularly visible in the “HPC/AI/Quantum/Cloud: A New EU Cloud and AI Development Act” policy area.

A table of the breakdown of detailed and general recommendations by policy area is shown below (see Table 2).

Table 2 • Breakdown of detailed and general recommendations by policy area

Policy Area	General	Detailed
Energy (Natural Gas)	9	26
Energy (Electricity)	9	41
Energy (Horizontal)	4	10
CRM (Priority Actions)	4	10
Beyond CRMA Proposals	11	44
High-Speed/Capacity Broadband	7	21
HPC/AI/Quantum/Cloud	7	13
Semiconductors	6	15
Energy-Intensive Industries	11	28

Policy Area	General	Detailed
Clean Technologies	10	24
Automotives	10	13
Defense	10	13
Space Sector	10	15
Pharma	9	19
Transport	9	21
Innovation	7	21
Closing the Skills Gap	12	13
Sustaining Investment	10	20
Revamping Competition	10	10
Governance	12	13
Total	177	390

All detailed recommendations were then assigned to at least one of the five themes laid out in Part A of the report:

1. Closing the Innovation Gap
2. A Joint Decarbonization and Competitiveness Plan
3. Increasing Security and Reducing Dependencies
4. Financing Investments
5. Strengthening Governance

LEGAL COMPLEXITY INDEX

All detailed recommendations were assigned an “intended action type” according to a typology of EU action developed by Institut Montaigne (see Table 3). The “intended action type” was initially defined with the support of an AI tool and then verified by a member of Institut Montaigne for each of the recommendations. Each of these action types carries a corresponding legal complexity index. This index is indicative of the complexity of the legal instrument necessary to execute the recommendation in the EU framework. The more complex the legal procedure for adoption—such as one requiring unanimity or interinstitutional negotiation—the greater the index. The index does not, however, incorporate political viability or sensitivity.

Table 3 • EU action typology developed by Institut Montaigne, used to create a mapping of action type, legal complexity index, the types of action covered by the definition and the actors involved in their execution

Action Type	Index	Encompasses	Actors Involved
Commission Guidelines / Soft Law	1	Regulatory Guidance, State Aid Guidelines, Recommendations, Soft Law, Staff Working Documents.	European Commission.
Communication (Strategy / Action Plan)	1	Strategies, Action Plans, Nonlegislative Initiatives, Roadmaps, Commission Communications.	European Commission.
Coordination Group / Platform	1	Industrial Alliances, Operational Platforms, Task Forces, Expert Groups, High-Level Forums.	European Commission; Member States; Private Sector / Stakeholders.
Delegated Act	1	Delegated Acts.	European Commission.
Enforcement Action	1	Letters of Formal Notice, Reasoned Opinions, Court of Justice referrals, Enforcement Packages.	European Commission; Court of Justice of the European Union.
Implementing Act	1	Implementing Regulations, Commission Decisions (Executive), Comitology Acts.	European Commission.

Action Type	Index	Encompasses	Actors Involved
International Partnership (Nonbinding)	1	MoUs, Green Alliances, Energy Partnerships, Trade & Technology Councils, CTIPs, etc.	European Commission; Council of the EU (political oversight).
Legislative Evaluation / Review	1	Ex post evaluations, REFIT exercises, statutory reports to the co-legislators, and mandated reviews of specific exemptions or articles.	European Commission.
Private Sector / Industry Action	1	Corporate investment decisions, industry-led standardization, creation of private consortia, selection or funding of commercial projects by private promoters, and voluntary industry alliances.	Private Sector / Stakeholders.
Transparency Tool	1	Scoreboards, Observatories, Public Registries, Monitoring Mechanisms.	European Commission.
Coordination Group / Platform (with legislative power)	2	Oversight bodies that have power to enforce EU legislation.	European Commission; Member States; Private Sector / Stakeholders.
Council Regulation (Nonlegislative)	2	Council Regulation.	European Commission; Council of the EU.
Directive (Proposal)	2	Directives.	European Commission; European Parliament; Council of the EU.
Financial Instrument	2	InvestEU, EIB Guarantees, Equity Facilities, Risk-Sharing Mechanisms.	European Commission; European Parliament; Council of the EU; Member States (in the EIB).
Funding Program (Standard)	2	Funding Instruments, Funding Mechanisms, Grants (e.g., Horizon Europe, LIFE, Innovation Fund).	European Commission; European Parliament; Council of the EU.
Public–Private Partnership	2	Joint Undertakings (JU), Joint Technology Initiatives (JTI), cPPPs.	European Commission; European Parliament; Council of the EU; Private Sector / Stakeholders.
Institutional Reform	3	Changes to EU governance enacted under the existing Treaty framework (e.g., appointment of a new Commissioner).	European Commission; European Parliament; Council of the EU.
International Agreement (EU-exclusive)	3	Trade Deals (Exclusive), EU-only Free Trade Agreements, Interim Trade Agreements.	European Commission; Council of the EU; European Parliament; European Council (provides political guidance where relevant).
National Implementation / Member State Action	3	All Member State actions.	Member States.

Action Type	Index	Encompasses	Actors Involved
Regulation (Proposal – OLP)	3	New Regulations, Legislative Proposals, Trade Defense Instruments, Procurement Programs.	European Commission; European Parliament; Council of the EU.
International Trade Agreement	4	Trade Agreements (Exclusive), Association Agreements (Shared), Investment Protection Agreements.	European Commission; Council of the EU; European Parliament; Member States (if shared competence); European Council (gives its agreement).
Own Resources Decision	4	Own Resources Decisions.	European Commission; Council of the EU; European Parliament; Member States (National Parliaments for ratification).
Regulation (Proposal – SLP)	4	Tax Harmonization, Family Law, Operational Police Cooperation, European Public Prosecutor’s Office, MFF.	European Commission; Council of the EU; European Parliament (Consultation or Consent).
Treaty Mechanism Debate	5	Fundamental constitutional changes requiring unanimity and, for full Treaty amendments under Art. 48 TEU (ordinary revision procedure), ratification by all Member States in accordance with their constitutional requirements.	European Council; Member States; European Parliament.

All actions taken by EU Institutions or Member States that directly responded to each “detailed” recommendation were then identified using the support of an AI tool and then verified by a member of Institut Montaigne. The study only considered formally initiated legal action. Typically, a proposal put forward by the Commission qualifies as such, while an impact review does not, even though this may represent a mandatory step to then initiate a formal review. These actions were listed as under “initiated action.”

All “initiated action” was then also assigned an action type, carrying a corresponding complexity index. This allowed for a comparison between the legal complexity for “intended” and “initiated” action and was used as one of the tools to assess whether Europe’s response to the Draghi report matched the level of ambition recommended. This is discussed further in the “Legal implementation rates” section of the methodology.

INSTITUTIONAL RESPONSIBILITY

The “Actors Involved” variable was used to map the institutional responsibility of both intended and initiated actions. The Commission has, under the treaties, a monopoly on the right of initiative. This is reflected in the typology, with the Commission listed in all but two of the action types (“National Implementation / Member State Action” and “Private Sector / Industry Action”).

For each detailed recommendation, two more analytical dimensions were added: These are **initial responsibility** and **current responsibility**. The assigned “intended action type” allowed the identification of actors involved in the legal process. Initial responsibility is then the percentage of recommendations in which the actor in question is, or was, involved in the process of conception or validation of the action type in the “Intended Action Type” variable. Then, according to where the action stands currently in the European decision-making process, the actors with “pending responsibilities”, whether this be for initiating or negotiating, were identified and registered in the database. For demonstrative purposes, an example is shown below.

Table 4 • Example of a detailed recommendation demonstrating how “Who Has the Ball?” is defined

Detailed Recommendation	Initial Responsibility	Initiated Action	Current Stage in EU Decision-Making Process	Pending Responsibilities
“Take stronger legislative action at the EU level to accelerate permitting for related infrastructure and flexibility projects and the networks necessary to integrate additional RES capacities into the energy system.”	The European Commission, the European Parliament and the Council of the EU.	Proposal for a Directive on the Acceleration of Permit-Granting Procedures (COM(2025)1007)	The Commission put forward a proposition in December 2025; therefore it is currently in trilogue negotiations.	The European Parliament and Council of the EU.

In order to factor in the Commission’s right of initiative, and to provide data on the amount of “work” done by the different institutions, “initial” and “pending” responsibilities provide two complementary perspectives.

CURRENT IMPLEMENTATION STATUS

All detailed recommendations were assigned a “current legal implementation status” according to the definitions found in Table 5.

Table 5 • Implementation status categories for detailed recommendations with corresponding definitions

Status	Definition
No action	No official action has been formally taken to address this specific recommendation. For legislative action: announcements in action plans/strategies or Commissioner mission letters do not qualify, nor do targeted reviews and public consultations, unless the recommendation specifically calls for this.
In the pipeline	The legislative process is active but incomplete. Typically, for EU legislation, the Commission has tabled a formal proposal. It may be currently under review by the European Parliament and the Council of the EU but has not yet been adopted.
Partially implemented	Action has been taken but remains significantly incomplete with respect to the scope and ambition of the recommendation in the Draghi report.
Fully implemented	The identified “initiated action” matches both the ambition and scope of the initial recommendation. For recommendations requiring legislative proposals, the proposal has been adopted by the co-legislators and has been published in the Official Journal of the European Union (EUR-Lex). For Member State action, all twenty-seven Member States have implemented the required action.

The actions identified as responses to the Draghi report’s recommendations for this database include all action initiated after September 9, 2024, up to and including May 1, 2026. No actions initiated after this date were included. The implementation status assigned to each detailed recommendation is limited to the progress made within this time constraint. The data produced in this study are, therefore, static but provide the most up-to-date and publicly available information on the current legal implementation status of the Draghi report’s recommendations.

TIME HORIZON

All general recommendations, except those found in “Revamping Competition” and “Sustaining Investment,” were assigned a time horizon in the Draghi report. From the interviews conducted, it emerged that these projections were determined in tandem with the Commission and were based on bureaucratic and technical difficulty estimates for the legislation to be adopted. Examples of these estimations can be seen in the final column of Figure 7. In some instances, specific time horizons were also set for detailed recommendations. Where available, these were recorded in the dataset. In all other cases, the time horizon set for the general recommendation was also set for all corresponding detailed recommendations.

Specifically, the Draghi report offers the following definition: The time horizon is indicative of the required implementation time of the proposal. Short term (ST) refers to approximately one to three years, medium term (MT) three to five years, and long term (LT) more than five years.

Since some recommendations were listed as a combination of the above time horizons, the values seen in Table 6 below were calculated.

Table 6 • Time horizons (in years) including those defined by the Draghi report and those developed by Institut Montaigne for the purpose of this study

Time Horizon	Definition	Average Time
ST	Short term (ST) refers to approximately 1–3 years	2
ST/MT		3
MT	Medium term (MT) refers to approximately 3–5 years	4
MT/LT		6
LT	Long term (LT) refers to more than about five years	8

LEGAL IMPLEMENTATION RATES

For this study, three separate implementation rates were calculated. These are a simple average of the detailed recommendations, a simple average of the general recommendations, and a weighted average (the same value for both detailed and general recommendations). **The weighted average was found to be the most meaningful value and is used by default throughout the report, unless otherwise specified.**

The **legal implementation rate** for each detailed recommendation is derived from both the difference in ambition between the “intended” and “initiated” action and the current implementation status of the identified corresponding actions.

It is calculated as follows:

1. The “intended” and “initiated” action types are entered into the database, providing corresponding complexity ratings for both.
2. Where more than one “initiated” action was identified, these were combined according to the maximum value in the cell and the number of actions with corresponding or lower values:

$$\begin{aligned} &\text{In the set } S = \{v_1, v_2, \dots, v_n\} \\ \text{Total complexity index} &= \max(S) + \delta \end{aligned}$$

$$\begin{aligned} \text{Where } \delta &= 0 \text{ if only one value exists in the set} \\ \delta &= 0.5 \text{ if the maximum value appears more than once} \\ \delta &= 0.25 \text{ if other items exist in the set} \end{aligned}$$

For example, if one “Regulation (Proposal – OLP)” (complexity index of 3) and one “Communication (Strategy / Action Plan)” (complexity index of 1) were identified as “initiated” actions for a given detailed recommendation, the overall complexity index would equate to 3.25. For two counts of “Regulation (Proposal – OLP),” the figure would be 3.5.

3. The **“effective action index”** is calculated. This is done by factoring in the current implementation of the initiated action, setting a maximum value of 33 percent if currently “in the pipeline” and 50 percent if only “partially implemented.” Irrespective of the “initiated action” complexity index, the effective action rating is capped at that of the “intended action.”

To calculate this, for detailed recommendations listed as **“in the pipeline,”** the effective action index is equal to $\frac{1}{3}$ of the lowest complexity index value between the “intended action” and “initiated action,” or:

$$\text{Effective action index} = \frac{\min(\text{intended action complexity index; initiated action complexity index})}{3}$$

For detailed recommendations listed as **“partially implemented,”** the effective action index is equal to $\frac{1}{2}$ of the lowest complexity index value between the “intended action” and “initiated action,” or:

$$\text{Effective action index} = \frac{\min(\text{intended action complexity index; initiated action complexity index})}{2}$$

4. The implementation rate of individual detailed recommendations is calculated as the ratio of the “effective action complexity index” to the “intended action complexity index”:

$$\text{Implementation rate of detailed recommendations} = \frac{\text{Effective action complexity index}}{\text{Intended action complexity index}}$$

The **implementation rate of “general” recommendations** is calculated using a sum of the corresponding effective and intended action complexity indices of the corresponding detailed recommendations. This equates to a weighted average of the implementation rates of the detailed recommendations contained in the paragraph below the general recommendation:

$$\text{Implementation rate of general recommendations} = \frac{\sum \text{Detailed effective action complexity index}}{\sum \text{Detailed intended action complexity index}}$$

The complexity indices provide weighted legal implementation rates for each of the twenty policy areas and five policy themes found in Part A as well as for the entire report. Considering the potential limitations of the respective weights, **simple averages for the detailed and general recommendations were also calculated.**

$$\text{Simple average of general recommendation implementation rates} = \frac{\sum \text{Weighted implementation rates for GR}}{\text{Number of general recommendations}}$$

$$\text{Simple average of detailed recommendation implementation rates} = \frac{\sum \text{Weighted implementation rates for DR}}{\text{Number of detailed recommendations}}$$

LOW-HANGING FRUIT INDEX

When compiling the aggregated implementation rates, a distinction is made between two types of progress. **“Low-hanging fruit” is defined as actions entirely at the hand of the Commission**, meaning action types with a complexity index of 1 or a complexity index of 2 or 3 that have already been proposed by the Commission (i.e., currently listed as “in the pipeline”). All the other progress was qualified as **“more significant measures”** (i.e., measures with a complexity index greater than 1 and listed as “partially” or “fully implemented”).

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