Appendix: Execution of the 2025-26 Priority Topics

This document reproduces Bruegel's 2025-26 priority topics, including the publication expectations for each ("Output promised"), followed by a list of outputs that were actually published during the 2025-26 cycle (that is, between 1 September 2025 and 30 August 2026, except for two publications that were delayed to mid-September 2026). These include long-form research pieces (>6000 words), Analyses ≈2000 words) and datasets; First Glances and other editorial length pieces are not shown.

1. Tax policy for efficiency, competitiveness and climate

Coordinators**:** Roel Dom and Pascal Saint-Amans.

Background. Tax policy serves multiple objectives, including raising revenue, redistributing income and mitigating adverse externalities, while minimising disincentives to work and invest. Sluggish growth, pressures to raise revenue for defence and digital infrastructure, tax competition and disregard for climate objectives in the United States are making these objectives increasingly hard to reconcile. Our research will explore how to design tax frameworks that navigate these trade-offs.

Key questions. How can Europe raise its tax efficiency – defined as supporting inclusive growth and investment while safeguarding revenue – in the face of prevailing institutional constraints including national tax sovereignty, the EU legal framework and intra-EU tax fragmentation and competition? How severe are the constraints imposed by prevailing EU legal framework, and could anything be done to relax them? How can EU tax policy frameworks (eg, carbon pricing, energy taxation, CBAM and investment incentives) be optimised to balance environmental goals with industrial competitiveness and social acceptability? How can the EU ensure coherence between national tax policies and broader EU climate strategies? Is there a role for a consumption-based carbon tax, and what would that look like? How should carbon taxation be structured to balance emission reductions with equity concerns? Should the EU back efforts to tax international shipping and aviation, and if so, how should these taxes be designed? Should the EU seek to agree on a harmonised wealth tax?

Outputs promised. At least one Working Paper and two Policy Briefs and/or Analyses. Work on international taxation will build on continued work in the Global Solidarities Levies Task Force.

Main outputs delivered:

Working Paper 'Shifting priorities, slow progress: an analysis of EU tax recommendations' (Roel Dom, Costanza Greppi Maturana and Pascal Saint-Amans, 27/11/2025, https://www.bruegel.org/working-paper/shifting-priorities-slow-progress-analysis-eu-tax-recommendations)

Policy Brief 'Profit shifting, tax harmonisation and investment in the EU single market: A trilemma' (Madalena Barata da Rocha, Roel Dom, Pascal Saint-Amans and Bo Sangers, 27/08/2026, https://www.bruegel.org/policy-brief/profit-shifting-tax-harmonisation-and-investment-eu-single-market-trilemma)

Analysis 'Has the global minimum tax survived Trump?' (Pascal Saint-Amans, 13/01/2026, https://www.bruegel.org/analysis/has-global-minimum-tax-survived-trump)

Analysis 'How the global minimum tax amendments could reshape Europe's tax incentives' (Roel Dom, 14/01/2026, https://www.bruegel.org/analysis/how-global-minimum-tax-amendments-could-reshape-europes-tax-incentives)

Self-assessment: met.

2. The design of the 2028-2034 Multiannual Financial Framework

Coordinator: Zsolt Darvas.

Background. The European Commission unveiled its proposal for the 2028–2034 Multiannual Financial Framework (MFF) in July 2025. The proposal foresees major changes to the EU budget, including: (1) a new fund combining agricultural, cohesion, social and migration policies, to be accessed through the implementation of national plans featuring key reforms and investments; (2) a European Competitiveness Fund; and (3) a new single external action fund. If adopted, this would represent the most significant restructuring of the EU budget since its inception. A Bruegel Blueprint *Bigger, better funded and focused on public goods: how to revamp the European Union budget*, published ahead of the Commission's proposal, offered recommendations for designing the next EU budget, including suggestions aligned with the three proposed pillars. Our follow-up research under the priority topic 2 aims to evaluate the Commission's July 2025 proposal and contribute constructively to the subsequent policy debate.

Key questions. Does the expected restructuring of the EU budget entail genuine changes, such as simplification and harmonisation of rules across spending policies, or does it primarily rebrand existing policies under new labels? Has the Commission proposed a meaningful reallocation of EU spending towards European public goods? Does the proposal adequately address the EU's investment gaps, as highlighted in the 2024 Draghi report on European competitiveness? Has the design of the first pillar incorporated lessons from the pitfalls of the Recovery and Resilience Facility, including the administrative burden for beneficiaries and EU member states, and does it adequately support innovation and competitiveness? Does the design of the Competitiveness Fund adequately integrate the Draghi report's recommendations?

Is the proposed external action fund equipped to support the geopolitical goals of the EU, including the reduction of EU strategic dependencies on critical raw materials? Has the methodology for budgetary mainstreaming, which aims to integrate horizontal priorities across the budget, been improved? How do the revenue-side proposals align with economic principles and fiscal policy criteria such as simplicity, transparency, fair burden sharing and non-regressiveness? Do they provide an advantage compared to the current revenue mix? Does the proposal envisage common spending beyond the MFF, particularly in areas like defence, and is it likely to strengthen European defence preparedness, especially in terms of strategic enablers and developing a unified defence market? Is there any scope for common EU borrowing?

Outputs promised. At least one Policy Brief and/or several Bruegel Analyses, each focusing on specific aspects of the Commission's MFF proposal.

Main outputs delivered:

- **Policy Brief** 'National plans, regional voices: cohesion policy in the next European Union budget' (Zsolt Darvas, Marie-Sophie Lappe, Bo Sangers and Jeromin Zettelmeyer, 26/03/2026, https://www.bruegel.org/policy-brief/national-plans-regional-voices-cohesion-policy-next-european-union-budget).
- **Analysis** 'Financing the EU budget: an assessment of five proposals for new resources' (Zsolt Darvas and Roel Dom, 20/04/2026, https://www.bruegel.org/analysis/financing-eu-budget-assessment-five-proposals-new-resources).
- **Analysis** 'More flexibility needs greater accountability: defence in the 2028-2034 EU budget' (Javier Ospital and Guntram B. Wolff, 17/09/2026, https://www.bruegel.org/analysis/more-flexibility-needs-greater-accountability-defence-2028-2034-eu-budget)

Self-assessment: met.

3. Sustainable finance and the future of investment

Coordinator: Rebecca Christie.

Background. The European Union has been a pioneer when it comes to defining and setting expectations for sustainable finance. Yet efforts so far have come with a substantial compliance burden and, in some cases, have put the EU at odds with emerging global standards. As a result, the EU is now overhauling and simplifying rules that have not been fully put in place. The EU is also undergoing a sea change in its approach to financial markets, in a bid to unlock the public and private funding necessary to meet the continent's many needs. Europe's challenge will be to live up to its climate commitments while also harnessing and developing its capital markets.

Key questions. How can the EU ensure its sustainable finance and capital markets agendas are working together? How have the existing regulations supported sustainable investments so far? How should the EU reform its existing regulations and complement them with new ones? Is the simplification effort likely to facilitate investment in sustainable initiatives? How will it affect the cost of capital, and what are the trade-offs when it comes to SMEs? What types of disclosures provide the best information for the least economic cost? Where does sustainable finance fit into the emerging Savings and Investment Union architecture? What is the role of securitisation: does the secondary market for securitised loans deserve to be promoted? Could such products help attract additional institutional investors to green projects?

How can the EU ensure that climate-friendly investing remains a priority for the world even if policy in the US or elsewhere discourages these kinds of strategies, and how will the markets for sovereign and corporate green bonds adjust? How can better markets and sustainable finance initiatives create conditions for growth and increased productivity, and what are the

steps needed to get there? How will the supervisory framework evolve? What role does insurance play, and how will climate change affect insurance decision-making?

Outputs promised. At least two Policy Briefs or Working Papers or one Policy Brief and several Analyses. Some work will be undertaken with support from private foundations. This work will include collaboration with the Jacques Delors Centre and other external researchers.

Main outputs delivered:

- **Policy Brief** 'Green finance or financing green? Bridging the EU's sustainable-finance and capital-market architectures' (Rebecca Christie, 18/06/2026, https://www.bruegel.org/policy-brief/green-finance-or-financing-green-bridging-eus-sustainable-finance-and-capital-market)
- **Working Paper** 'Investing for tomorrow: long-term investment, economic scale and the green transition' (Philip Ushchev and Guntram B. Wolff, 18/03/2026, https://www.bruegel.org/working-paper/investing-tomorrow-long-term-investment-economic-scale-and-green-transition)
- **Policy Brief** 'Risks for Europe of US dominance of global asset management' (Dirk Schoenmaker, 08/04/2026, https://www.bruegel.org/policy-brief/risks-europe-us-dominance-global-asset-management).
- **Analysis** 'EU securitisation needs a more market-based approach' (Rebecca Christie, 17/12/2025, https://www.bruegel.org/analysis/eu-securitisation-needs-more-market-based-approach)

Self-assessment: met.

4. Transformational national reform

Coordinators: Jacob Kirkegaard and Jeromin Zettelmeyer.

Background. The policy agenda for higher productivity growth in the EU usually emphasises better EU-level governance, greater coordination of member-state policies, more delegation to the EU level and higher spending on EU public goods. But, in many cases, improving and pushing the boundaries of the single market requires *national* structural reform. Furthermore, productivity growth differences across EU member states suggests that reforms in some member states – particularly the large ones – could be game-changers for EU productivity growth overall, even if these reforms are not coordinated across all (or even most) member states. This priority topic would examine two to three reform templates that could be transformative both nationally and for the single market: partially moving towards fully funded pension systems, lowering firm restructuring costs through more efficient employment protection and reforming insolvency law.

Key questions. To what extent are pension systems, employment protection and insolvency law capable of explaining differences in firm entry and exit, firm growth, innovation and productivity growth across European countries? How strong is the link between private prefunded pension systems and capital market development? To what extent do they contribute to the EU-US productivity growth differential? Are there 'best practices' in these

areas that could be replicable in other countries? Why have some European countries succeeded in undertaking these reforms while others have not?

Outputs promised. The project would deliver at least one in-depth paper on each of the reform areas listed above.

Main outputs delivered:

- **Working Paper** 'The macroeconomic impact of ageing, EU immigration policy and pension expenditures' (David Pinkus and Jacob Funk Kirkegaard, 07/10/2025, https://www.bruegel.org/working-paper/macroeconomic-impact-ageing-eu-immigration-policy-and-pension-expenditures)
- **Working paper** 'Size versus allocation in capital market development: evidence from pension funds and insurance companies' (Marie-Sophie Lappe and David Pinkus, 02/06/2026, https://www.bruegel.org/working-paper/size-versus-allocation-capital-market-development-evidence-pension-funds-and)
- **Working Paper** 'The Danes, the Dutch, the Swedes: walking away from pay-as-you-go pensions' (Zsolt Darvas, Jacob Kirkegaard, Alexandre Mendonça and Bo Sangers)

Self-assessment: not met (we ended up focusing on only one of the two intended main reform topics (namely, pension reform - the other would have focused on labour market reform)

5. Regulatory reform for a more dynamic single market

Coordinators: Fiona Scott Morton and Reinhilde Veugelers.

Background. The Letta report, the Draghi report and Bruegel's *Memos to the EU leadership,* all published in 2024, make the point that innovation and productivity growth in Europe could be boosted by making it easier for firms to expand across the EU, rather than just in their domestic markets, and by promoting entry and competition in domestic markets dominated by a few incumbents, including through cross-border consolidation. These arguments are particularly relevant in technology-intensive industries which require significant scale for success, and where firms with innovative new offerings need to be able to scale fast to be able to compete with incumbents.

One potentially important tool to achieve this cross-border expansion is the creation of a 28th – or better, 'zeroth' – regulatory regime that firms in all member states can opt into. The European Commission has committed to proposing such a regime by the first quarter of 2026.

Key questions. How should the zeroth regime be designed to attract high-growth, high-potential startups and deliver a useful regulatory regime without undermining existing member state regulations? What regulatory areas should it encompass? Is there a trade-off between the simplified regulation of the regime and the values that underpin current regulations? What tactics can Europe use to incentivise member states to harmonise existing regulations? Can EU funds be used as leverage? How can a zeroth regime be designed to attract especially young firms with the highest growth potential? What other complementary measures could improve competition and encourage cross-border expansion? Are there other reforms needed to remove potential barriers to consolidation in markets that are

dominated by national incumbents? What is the role of EU competition policy – including antitrust enforcement – in supporting industrial dynamism and productivity? How can competitive pressure be enhanced in markets where dominant players limit scale-up opportunities for new entrants and cross-border challengers?

Outputs promised. At least one longer paper[1] (or Blueprint) on the design of the zeroth regime by Q4 of 2025, with potential additional papers on specific sectors, such as digital or bio-pharma.

Main outputs delivered:

- **Policy Brief** 'Regime 0: Europe-wide incorporation for startups to kickstart innovative growth' (Fiona M. Scott Morton and Reinhilde Veugelers, 10/12/2025, https://www.bruegel.org/policy-brief/regime-0-europe-wide-incorporation-startups-kickstart-innovative-growth)
- **Policy Brief** 'Better regulation in the European Union needs a fresh start' (Anne Bucher and Elizabeth Golberg, 26/01/2026, https://www.bruegel.org/policy-brief/better-regulation-european-union-needs-fresh-start)
- **Analysis** 'How to secure the benefits of an EU-wide incorporation regime' (Fiona M. Scott Morton and Reinhilde Veugelers, 27/05/2026, https://www.bruegel.org/analysis/how-secure-benefits-eu-wide-incorporation-regime)

Self-assessment: met.

6. Europe's digital challenge: combining productivity with autonomy

Coordinators: Mario Mariniello and Bertin Martens.

Background. The Draghi report concluded that weak investment and uptake of digital technologies are the main reasons for the EU's slow productivity growth. The EU is now launching several investment and regulatory policy initiatives to rekindle productivity. At the same time, increasing geopolitical tensions and US President Donald Trump's tariff war woke Europe up to the risk of technological and economic dependency. European companies depend on the US for infrastructure, hardware, software and services. This creates a double challenge of accelerating digital productivity growth while reducing its vulnerability to potential economic coercion. This topic explores how EU policies can aim to achieve both.

Key questions. What does it take to encourage higher private investment in digital technologies in Europe while reducing external dependency? Can the Commission's announced initiatives, such as the AI hardware spending plans or data and AI regulation, help rekindle EU tech productivity? How can Europe increase its leverage vis-à-vis the US without resorting to protectionist uses of its regulatory tools? Can new bilateral and multilateral technology agreements mitigate reliance on the US? In the longer term, how can the EU

[1] "Longer" publications include Policy Briefs (typically 5000-8000 words), Working Papers (typically 6000-12000 words), Blueprints, and Reports, which can be longer and may comprise several chapters.

restructure its digital economy to diversify its foreign dependency risk, while attending to its overarching goals, such as addressing climate change and increasing its energy efficiency? Can the EU create the conditions for new, alternative technology business models more supportive of its social paradigms and its energy and climate change policy targets? Can the EU take a global leadership role as a catalyst for new, human-centric visions of technological development and uses?

Outputs promised. We expect the publication of at least one Bruegel Policy Brief and two First Glances by Q1 2026.

Main outputs delivered:

- **Policy Brief** 'Efficiency and distribution in the European Union's digital deregulation push' (Mario Mariniello, 20/11/2025, https://www.bruegel.org/policy-brief/efficiency-and-distribution-european-unions-digital-deregulation-push)
- **Working Paper** 'Europeans should be allowed to trade personal data' (Paul Heidhues, Nick Jacobson, Giorgio Monti and Fiona M. Scott Morton, 18/02/2026 https://www.bruegel.org/working-paper/europeans-should-be-allowed-trade-personal-data)
- **Policy Brief** 'The case for a European Union digital enforcement authority' (Mario Mariniello, 05/03/2026, https://www.bruegel.org/policy-brief/case-european-union-digital-enforcement-authority)
- **Policy Brief** 'The right balance: how to fix European Union artificial intelligence regulation' (Mario Mariniello, 11/06/2026, https://www.bruegel.org/policy-brief/right-balance-how-fix-european-union-artificial-intelligence-regulation)
- **Working Paper** 'Artificial-intelligence competition in Europe: the role of DMA Article 6(7)' (Fiona Scott Morton, 01/07/2026, https://www.bruegel.org/working-paper/artificial-intelligence-competition-europe-role-dma-article-67)
- **Analysis** 'The European Union is still caught in an AI copyright bind' (Bertin Martens, 10/09/2025, https://www.bruegel.org/analysis/european-union-still-caught-ai-copyright-bind)
- **Analysis** 'The European Union needs more than the digital omnibus to make digital services competitive' (Bertin Martens, 08/12/2026, https://www.bruegel.org/analysis/european-union-needs-more-digital-omnibus-make-digital-services-competitive)
- **Analysis** 'Revamping Europe's chips strategy: indispensability, not self-sufficiency' (Niclas Poitiers and Tillman Schenk, 13/05/2026, https://www.bruegel.org/analysis/revamping-europes-chips-strategy-indispensability-not-self-sufficiency)
- **Analysis** 'Europe needs a strategy to close the artificial intelligence compute gap' (Alicia García-Herrero and Bertin Martens, 19/05/2026 https://www.bruegel.org/analysis/europe-needs-strategy-close-artificial-intelligence-compute-gap)

- **Analysis** 'Stack battles: the US-China artificial-intelligence rivalry is moving beyond chips alone' (Alicia García-Herrero and Bertin Martens, 22/06/2026, https://www.bruegel.org/analysis/stack-battles-us-china-artificial-intelligence-rivalry-moving-beyond-chips-alone)

Self-assessment: exceeded

7. The industrial, institutional and macroeconomic implications of European rearmament

Coordinator: Guntram Wolff.

Background. Europe's security situation remains difficult, given the expansion of Russian military capability and its continued pressure on Ukraine, the re-alignment of US priorities and the need to rearm at a moment of rapid technological change. While there is broad consensus that Europe needs to be able to defend itself against external aggression on its own, much of military planning still assumes a strong US role.

The question of armament continues to be central for European strategic autonomy. Beyond decades of underinvestment, the lack of an internal market for defence is a key factor behind the underdevelopment of the EU's defence industry. As European defence spending rises, an increasing focus should be on ensuring that scarce resources are spent effectively. This requires more efficient purchasing arrangements, integrated defence markets and modernising European defence technology. But even with the most efficient arrangements, the new NATO target of 3.5 percent of GDP for core defence and five percent for broader security spending will put immense pressures on European budgets. Financing arrangements for European defence remain a critical question.

Key questions. How is the European defence industrial base growing in response to new demand? To what extent does increased demand drive defence product inflation, and how can that be mitigated? Are ownership and control mechanisms consistent with European strategic autonomy? How can Europe accelerate technological innovation in defence, including in digital and AI-based tech? Will higher spending on defence reduce or increase European competitiveness, and how can its innovation spillovers be maximised?

Which modern military capabilities, beyond providing necessary assistance to Ukraine, can Europe as a whole or groups of member states credibly scale up immediately? How can the EU support cooperation among member states to ensure investments in defence infrastructure on its external flanks? To what extent does improving the financing and governance of European rearmament require new institutions? To what extent can it be achieved by enhancing, adapting and complementing existing EU agencies such as the European Defence Agency, mechanisms such as PESCO, and financing mechanisms such as the NGEU or the European Investment Bank? What is the best strategy for reconciling the speed of rearmament with a reduction in the dependency on foreign production of key military equipment?

How can Ukraine's military industrial production capacity be best integrated with that of the EU and other European democracies, and how can it contribute to the development of

common European defence assets? What are the implications of the new NATO defence targets for European medium-term fiscal policy and public debt paths?

Outputs promised. The research topic will emphasise data-driven and quantitative work, leading to at least three longer and several shorter publications. It will involve collaboration with external researchers from the Kiel Institute, Université Libre de Bruxelles and defence and security think tanks including Globsec and the Kyiv School of Economics.

Main outputs delivered:

Policy Brief 'Europe's dependence on US foreign military sales and what to do about it' (Juan Mejino-López and Guntram B. Wolff, 13/10/2025, https://www.bruegel.org/policy-brief/europes-dependence-us-foreign-military-sales-and-what-do-about-it)

Working Paper 'Understanding US foreign military sales globally since 2008: an analysis of a new dataset' (Juan Mejino-López, Javier Ospital and Guntram B. Wolff, 07/11/2025 https://www.bruegel.org/working-paper/understanding-us-foreign-military-sales-globally-2008-analysis-new-dataset)

Working Paper 'The European Union and the war in Ukraine: more money, but not more Europe' (Jacob Funk Kirkegaard, 11/12/2025, https://www.bruegel.org/working-paper/european-union-and-war-ukraine-more-money-not-more-europe)

Policy Brief 'Reforming European defence procurement to boost military innovation and startups' (Ethan Kapstein, Javier Ospital and Guntram B. Wolff, 05/03/2026 https://www.bruegel.org/policy-brief/reforming-european-defence-procurement-boost-military-innovation-and-startups)

Working Paper 'Who controls the defence industry?' (Marco Becht, Juan Mejino-López and Guntram B. Wolff, 07/05/2026, https://www.bruegel.org/working-paper/who-controls-defence-industry)

Working Paper 'Defence innovation and procurement reform: an empirical evaluation of the US Defense Innovation Unit' (Ethan Kapstein, Javier Ospital and Guntram B. Wolff, 28/05/2026, https://www.bruegel.org/working-paper/defence-innovation-and-procurement-reform-empirical-evaluation-us-defense-innovation)

External publication 'European Defence Markets: Overcoming National Preference and External Dependence' (Guntram Wolff and Jeromin Zettelmeyer, https://www.bruegel.org/sites/default/files/2026-04/Guntram-Wolff-and-Jeromin-Zettelmeyer_European-Defence-Markets-Overcoming-National-Preference-and-External-Dependence.pdf)

Dataset 'US Foreign Military Sales' (Juan Mejino-López, Javier Ospital and Guntram B. Wolff, 12/03/2026, https://www.bruegel.org/dataset/us-foreign-military-sales)

Dataset Kiel-Bruegel Military Procurement Tracker (Alex Burilkov, Katelyn Bushnell, Juan Mejino-López, Thomas Morgan and Guntram B. Wolff, https://www.kielinstitut.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/eef51261-68bf-4883-b1e9-ed0fb74a92ed-Kiel_Report_no3.pdf)

Self-assessment: exceeded.

8. Green industrialisation for European competitiveness and security

Coordinator: Simone Tagliapietra.

Background. To succeed, Europe's decarbonisation agenda must be reconciled with green industrial growth. As outlined in the Draghi report, this requires a better business environment, smarter regulation and a better functioning single market. It also requires an effective industrial policy in both clean tech and hard-to-abate, energy intensive sectors. The European Commission's Clean Industrial Deal proposes some key elements in this agenda, but also leaves important questions unaddressed, including on how to reconcile industrial support with needed structural change and how to substantially increase private investments in the area.

Key questions. How is green industrialisation advancing across Europe? Which industries are strategically crucial for the EU? What does the map of EU clean tech comparative advantages look like? How are investments into European clean tech manufacturing developing, also in light of rising global trade tensions, and how can EU policy support private investments in this area? How can the EU avoid that divergent national approaches in state aid, tax incentives or regulatory standards generate competitive distortions and single market fragmentation? How can the EU turn its Clean Industrial Deal into an engine of green growth while avoiding protectionism? How can the EU strategically use public procurement to foster the development of clean technologies? How can the EU accelerate the integration of its single energy market to structurally increase energy competitiveness and security?

In what areas does Green Deal regulation require reform and simplification, and where should it be defended against attempts to slow the speed of emission reductions? How can Europe both foster the emergence internally and externally of a new industrial geography based on comparative advantage determined by clean energy sources without risking de-industrialisation? Which new challenges does green industrialisation create for the labour market, and how can it make this transition smooth with, for instance, effective re-skilling and up-skilling of the existing labour force?

Outputs promised. Work on this topic will be structured on two pillars: data and policy research. On data, the Bruegel European Clean Tech Tracker will be substantially scaled-up and developed into a stand-alone website – also serving as the basis of a deeper collaboration with the Rhodium Group to track global clean investment trends. On policy research, at least two major Bruegel Policy Briefs will be produced, along with several Analyses, First Glances and external publications.

Main outputs delivered:

Working Paper 'Advantages and pitfalls of green public procurement as a European strategic tool' (Marie-Sophie Lappe and Francesco Nicoli, 24/09/2025, https://www.bruegel.org/working-paper/advantages-and-pitfalls-green-public-procurement-european-strategic-tool)

Policy Brief 'The flaws in the European Union's proposed Industrial Accelerator Act and how to fix them' (Ignacio García Bercero, Ben McWilliams and Simone Tagliapietra, 21/05/2026, https://www.bruegel.org/policy-brief/flaws-european-unions-proposed-industrial-accelerator-act-and-how-fix-them)

Policy Brief 'Competing for inputs: how the European Union can improve critical raw materials supply security' (Madalena Barata da Rocha, Antoine Mathieu Collin and Camille Reverdy, 09/07/2026, https://www.bruegel.org/policy-brief/competing-inputs-how-european-union-can-improve-critical-raw-materials-supply-security)

Analysis 'Europe has a solid basis for battery and electric vehicle manufacturing growth' (Marie Jugé, Ugnė Keliauskaitė, Ben McWilliams and Simone Tagliapietra, 16/12/2025, https://www.bruegel.org/analysis/europe-has-solid-basis-battery-and-electric-vehicle-manufacturing-growth)

Analysis 'Europe's emissions trading system is an ally, not an enemy, of industrial competitiveness', (Thomas Mramor and Simone Tagliapietra, 22/01/2026, https://www.bruegel.org/analysis/europes-emissions-trading-system-ally-not-enemy-industrial-competitiveness)

External publication 'Tracking the EU Clean Industrialisation Process: A Focus on Batteries and Electric Vehicles' (Benjamin Bjerkan-Wade, Marie Jugé, Ugnė Keliauskaitė, Ben McWilliams and Simone Tagliapietra, 12/06/2026, https://www.bruegel.org/external-publication/tracking-eu-clean-industrialisation-process-focus-batteries-and-electric)

Dataset 'European clean tech tracker' (03/09/2025, https://european-clean-tech-tracker.bruegel.org/)

Self-assessment: met.

9. Accelerating the development of international carbon markets

Coordinator: Georg Zachmann.

Background. After nearly a decade, the negotiations on the Paris Agreement's Article 6, which codifies international carbon trading, concluded in 2024 at COP29 in Baku. Countries can now agree to transfer surplus emission reductions to other countries – typically in exchange for some financial contribution. Depending on how it is designed and implemented, this mitigation 'trading' could either destroy or complete the global climate architecture. The EU thus faces a complex balancing exercise to determine how it will use this new tool. An overly restrictive system would largely deter trading, while an overly flexible system runs the risk of undermining the integrity of the EU's own decarbonisation tools and, eventually, the global climate architecture.

Key questions. What aims should the EU pursue with international emission trading – lowering domestic mitigation cost, more effective foreign mitigation, reducing climate finance obligations, stabilising the Paris agreement or protecting the status quo? What trade-offs should the EU consider in co-designing and implementing an international emission trade system? What standard should the EU, on its own or with like-minded partners, set for foreign mitigation practices and outcomes that it will support through the purchase of allowances?

Could international emissions trading be used to increase the efficiency of emission reductions within coalitions of countries that have agreed on differentiated carbon pricing and a common carbon border adjustment mechanism? How would it interact with CBAM?

Outputs promised. At least two longer publications, including at least one in collaboration with external experts.

Main outputs delivered:

Working Paper 'Carbon pricing beyond borders: assessing climate policy spillovers from the EU carbon border adjustment mechanism' (Anna Bahí, Maximilian Fuchs and Camille Reverdy, 26/03/2026, https://www.bruegel.org/working-paper/carbon-pricing-beyond-borders-assessing-climate-policy-spillovers-eu-carbon-border)

Policy Brief 'International carbon trading: a strategic lever to boost global decarbonisation' (Georg Zachmann and Annabelle Weisser, 23/07/2026, https://www.bruegel.org/policy-brief/international-carbon-trading-strategic-lever-boost-global-decarbonisation)

Analysis 'Buyer beware: a taxonomy of the risks of international carbon credits' (Maximilian Fuchs, Thomas Mramor and Georg Zachmann, 18/06/2026, https://www.bruegel.org/analysis/buyer-beware-taxonomy-risks-international-carbon-credits)

Self-assessment: met.

10. Reshaping EU economic relations with emerging and developing economies

Coordinators: Alicia García-Herrero and Heather Grabbe.

Background. With the international context for Europe's open economies threatened by trade conflicts and investment-deterring uncertainties, the EU needs to strengthen its partnerships with countries that want to continue reducing trade barriers, encourage investment in sustainable development and develop more secure and diverse supply chains – including those like-minded countries with which the EU already has trade agreements. New forms of agreement, such as the Clean Trade and Investment Partnerships, could create opportunities for promoting core European interests including economic security and the promotion of carbon pricing while recognising the development goals of EU partners.

Specific priorities include much closer trade and investment relations with India and Africa, the former of which is finalising a free trade agreement with the EU, while the latter – given its proximity and fast population growth – will have consequences for both migration flows and opportunities for green industrialisation. China's importance as an industrial and innovation hub requires EU engagement, but its growing overcapacity and the related downward pressure on export prices constitutes an important threat to European competitiveness and, in some cases, economic security. The EU also needs to decide where exactly to draw the line between cooperation and competition with China and how to broaden the coalition of countries willing to sanction and deter aggressors such as Russia.

Key questions. How can the EU develop international partnerships that increase its economic security while also lifting developing country trading partners up the value chain? Does the

Global Gateway require reform, and if so, how? How can the EU best advance global decarbonisation and sustainable development in the absence of US support? How can the EU and like-minded advanced countries involve China in that cooperation, while also addressing level playing field concerns? What kind of supplementary supply chains for clean technology could develop to diversify production locations and reduce concentration and bottlenecks? How might these partnerships fit into a longer-term competitiveness strategy for resource productivity in a changing geography of global energy production and climate impacts? What role could Clean Trade and Investment Partnerships play, also in promoting sustainable development?

Outputs promised. This research cluster will emphasise collaboration among Bruegel researchers and external researchers and aim to produce at least three longer and several shorter publications.

Main outputs delivered:

Working Paper 'European exports in geopolitical storms' (Niclas Poitiers, Madalena Barata da Rocha and Nicolas Boivin, 30/09/2025, https://www.bruegel.org/working-paper/european-exports-geopolitical-storms)

Working Paper 'Growth without profits: how will 'involution' in China end?' (Alicia García-Herrero and Jianwei Xu, 28/01/2026, https://www.bruegel.org/working-paper/growth-without-profits-how-will-involution-china-end)

Policy Brief 'EU aid for domestic revenue mobilisation after the Sevilla Commitment' (Roel Dom, Costanza Greppi Maturana and Pascal Saint-Amans, 16/04/2026, https://www.bruegel.org/policy-brief/eu-aid-domestic-revenue-mobilisation-after-sevilla-commitment)

Working Paper 'Between values and interests: drivers of EU aid' (Anna Bahí, Roel Dom, Niclas Poitiers and Camille Reverdy, 08/06/2026, https://www.bruegel.org/working-paper/between-values-and-interests-drivers-eu-aid)

Policy Brief 'Beyond Tariffs: Why Europe and India Must Prioritise Manufacturing FDI' (Alicia García-Herrero, Rajeswari Sengupta and Nina Vujanović, 14/07/2026, https://www.bruegel.org/working-paper/beyond-tariffs-why-europe-and-india-must-prioritise-investment-manufacturing)

Analysis 'China can decarbonise the world – but even that won't fix its overcapacity problem' (Alicia García-Herrero and Haoxin Mu, 24/09/2025, https://www.bruegel.org/analysis/china-can-decarbonise-world-even-wont-fix-its-overcapacity-problem)

Analysis 'Convergence, not alignment: EU-China climate relations ahead of COP30' (Cecilia Trasi, 09/10/2025, https://www.bruegel.org/analysis/convergence-not-alignment-eu-china-climate-relations-ahead-cop30)

Analysis 'Less focus on poverty reduction? An evaluation of the EU 2028-2034 development aid plan' (Costanza Greppi Maturana and Niclas Poitiers, 25/06/2026,

https://www.bruegel.org/analysis/less-focus-poverty-reduction-evaluation-eu-2028-2034-development-aid-plan)

Dataset 'China economic database' (23/03/2026 https://www.bruegel.org/dataset/china-economic-database)

Self-assessment: exceeded.

11. The future of the international economic order

Coordinators: André Sapir, Ignacio García Bercero and Jeromin Zettelmeyer

Background. The post-war economic order is undergoing the greatest upheaval since its inception. Economic nationalism has spread to advanced countries, particularly the United States under President Trump's administration. Trump's willingness to coerce trading partners through tariffs and potentially taxes is also raising questions about the role of the US dollar as the world's reserve currency. China's macroeconomic imbalances are leading to excess capacity which is putting pressure on the manufacturing sectors of its trading partners, and China continues to engage in economic coercion against a wide group of countries, including the EU. Finally, technology is spurring new forms of decentralised finance which could have a significant impact on the international monetary system.

Key questions. What are the causes and consequences of global imbalances and how do they relate to today's debates on trade and industrial policies? Can the multilateral trading system be substantially reformed – accepting that such reform will need to start without the active engagement of the US – and, if so, what steps does this require? Can the EU and like-minded countries assemble an effective "coalition of the willing" for WTO reform? Since such reform will take time, can rules-based trade continue in the meantime among a smaller set of countries? Can the EU establish a framework for cooperation amongst its free trade partners? How will policies in the US as well as decentralised finance, including stablecoins, affect the international role of the dollar? Can there be an orderly transition to a less unipolar monetary system? What international role for the euro would be desirable, and what steps does the EU and the ECB need to take to get there? What is the role of the digital euro in this context, both in the EU and internationally?

Outputs promised. Bruegel and CEPR will collaborate on a new *Paris Report* on the topic of global imbalances. In addition, there will be at least one longer publication on the future of the multilateral trading system and at least one on the international monetary system.

Main outputs delivered:

Report 'Geopolitical shifts and their economic impacts on Europe: Short-term risks, medium-term scenarios and policy choices' (André Sapir, Jacob Funk Kirkegaard and Jeromin Zettelmeyer, 18/09/2025, https://www.bruegel.org/report/geopolitical-shifts-and-their-economic-impacts-europe-short-term-risks-medium-term-scenarios)

Paris Report 4: 'The New Global Imbalances' (Hélène Rey, Beatrice Weder di Mauro and Jeromin Zettelmeyer (eds), 13/04/2026, https://cepr.org/publications/books-and-reports/p398)

Essay 'The new global imbalances: why care, why now and what should be done?' (Beatrice Weder di Mauro and Jeromin Zettelmeyer, 13/04/2026, https://www.bruegel.org/essay/new-global-imbalances-why-care-why-now-and-what-should-be-done)

Working Paper 'Tariffs, deals and multilateral ideals: can the World Trade Organization survive?' (Petros C. Mavroidis, 27/10/2025, https://www.bruegel.org/working-paper/tariffs-deals-and-multilateral-ideals-can-world-trade-organization-survive)

Working Paper 'The European Union's external imbalances: Past, future, and policy' (Zsolt Darvas, Costanza Greppi, Alexandre Mendonça, Camille Reverdy, Bo Sangers and Jeromin Zettelmeyer, 16/04/2026, https://www.bruegel.org/working-paper/european-unions-external-imbalances-past-future-and-policy)

Policy Brief 'A new strategy to contain stablecoin risks in the European Union' (Lucrezia Reichlin, Bo Sangers and Jeromin Zettelmeyer, 20/05/2026, https://www.bruegel.org/policy-brief/new-strategy-contain-stablecoin-risks-european-union)

Policy Brief 'A plan to revitalise the World Trade Organization' (Ignacio García Bercero, 26/05/2026, https://www.bruegel.org/policy-brief/plan-revitalise-world-trade-organization)

Working Paper 'The Case for a WTO Sectoral Agreement on Semiconductors 2' (Petros C. Mavroidis and Mario R. Palacios, 02/07/2026, https://www.bruegel.org/working-paper/plan-world-trade-organization-sectoral-agreement-semiconductors).

Self-assessment: exceeded.