

RESEARCH PROGRAMME 2026-2027

and outputs under the 2025-26 Research Programme

24. September, 2026

I. Introduction

The premise of Bruegel's most recent – 2025-26 – research programme was that Europe's main policy challenges fell into two categories: raising productivity growth and enhancing security (defence, economic and climate security). This has not changed. What has changed is the scope of each challenge.

Whereas the productivity challenge had been framed in terms of catch-up with the United States, the loss of competitiveness relative to China – visible in consecutive losses of European market shares in international markets and an extraordinary rise in the Chinese trade surplus last year – has added urgency to the productivity agenda. What is at stake is not only putting European economies on a higher long-term growth trajectory but also preventing industrial collapse and accelerating structural transformation.

Whereas the security challenge was largely focused on defence, the acceleration of the artificial intelligence race between the US and China, and the US' willingness to cut off foreign users from frontier models, has opened a new front in both the security and productivity battles. Meanwhile, the Iran war and successive heatwaves have reminded Europeans of the urgency of the energy transition as both a security and climate imperative.

Accordingly, Bruegel's proposed 2026-27 priority research topics represent a combination of continuity and new questions. They fall into three categories.

First, topics that focus mostly on a single question or idea:

- *Europe's industrial future*: how can Europe transform and reinvent itself as an industrial producer and exporter in light of overwhelming Chinese competition, much of which reflects permanent technological catchup?
- *Is fiscal adjustment feasible, and how?* How can European governments reconcile rising expenditure needs with shrinking populations and the need to stabilise and reduce debt levels?
- *Pension reform*: can Europe's pension systems be reformed both for fiscal sustainability and to become a force for capital market deepening and higher innovation financing?
- *EU trade policy: FTAs and beyond*: can the European Union not only expand its bilateral trade relationships but go beyond bilateralism, at a time when multilateralism is in retreat?

Second, topics that encompass many distinct but related ideas:

- *The future of EU finance* is in part the counterpart of *Europe's industrial future*, organised around the question of where Europe's financial system should be headed in the long run, and how it can get there. But it also includes a variety of related questions: making the best use of securitisation, enabling tokenised finance,

supporting the international use of the euro and reconsidering the governance of financial sanctions.

- *Whole-of-economy security* encompasses several security-related topics, including defence, industry governance, supply chains, circularity and resource efficiency for critical materials, energy security, nature-based resilience and climate adaptation.
- *Europe's AI challenges* include challenges that are shared by all economies but take specific forms in Europe – related to AI adoption, governance and impact on labour markets, education and taxation – as well as the overriding challenge of accelerating Europe's AI capability, autonomy and security.
- *Feasible climate policy* refers to the challenge of accelerating decarbonisation in the face of pressures ranging from rogue policies in the US to lack of fiscal space in Europe. Like *Whole-of-economy security*, this topic will examine a range of problems, related to both the EU's mitigation architecture and its policies to promote climate action outside its borders.
- *Enlargement – and Europe beyond the EU* encompasses topics that include the EU-United Kingdom relationship, EU support to Ukraine, its integration into the European security architecture, support of countries in the Western Balkan, EU enlargement and accession policies, and the search for a European institutional architecture that reconciles the need to provide European public goods with differentiation related to levels of development and the country's relationship with the EU.

Third, a cross-cutting stock-taking of EU-level reforms designed to raise productivity growth and reconcile it with security. The aim is not to write yet another paper tracking the implementation of Mario Draghi's 2024 report. Rather, it is to review the European Commission's competitiveness strategy – which drew on Draghi's report, but modified it in important ways – on its own merits, and assess the extent and quality of the steps taken to implement that strategy. Backed by this review and insights gained from related priority topics, we will seek to develop recommendations on what the EU productivity agenda should focus on during the remainder of the ongoing 2024-29 legislative cycle.

There are strong links between these topics. In the face of Chinese competition, high energy costs and security concerns, Europe must structurally transform what it produces and how (Topic 1). The financial system (Topic 2) and AI adoption (Topic 6) are instruments of that transformation and conditions for its success. Pension reform (Topic 3) is critical both to deepen financial markets and for fiscal sustainability (Topic 4); the latter of which is being challenged by rising security expenditure (Topic 5) and the costs of climate adaptation and mitigation (Topic 7). EU enlargement, the relationship between the EU and its non-EU neighbours (Topic 8) and trade policy (Topic 9) are levers to ameliorate the trade-off between security and productivity. Topic 10 will check to what extent the EU-level policy agenda since 2024 has reflected these trade-offs and objectives.

Table 1 illustrates the relationship of these priority topics to those of the last two years. Topic 10, the mid-term stocktaking of the EU reform strategy and its implementation, is unique. Topic 1, “Europe’s industrial future” is also largely new (except for drawing on some work undertaken under the 2025-26 priority topic on *Green industrialisation for competitiveness and security*). The remaining topics relate to previous topics to a greater or lesser extent, as indicated by their location and shading.

Like last year, our commitments under the priority topics are designed to leave sufficient space for additional work that can adjust flexibly to emerging issues. Additional projects currently planned by Bruegel researchers appear in the second part of this research programme.

Table 1: 2026-27 priority topics in relation to previous topics

2026-27 topics	2025-26 topics	2024-25 topics
1. Europe’s industrial future	Regulatory reform for a more dynamic single market	Reinvigorating single market reform
2. The future of EU finance	Sustainable finance, disclosure and the future of investment	Closing Europe’s investment gap
3. Pension reform	Transformational national reform	The EU’s economic model in an age of demographic shift
4. Is fiscal adjustment feasible, and how?	Tax policy for efficiency, competitiveness and climate	The implementation of the new EU fiscal framework
5. Whole-of-economy security	The industrial, institutional and macroeconomic implications of European rearmament	A single market for the defence industry
6. Europe’s AI challenges	Europe’s digital challenge: combining productivity with autonomy. Economic security of AI	EU digital regulation
7. Feasible climate policy	Green industrialisation for competitiveness and security	An industrial and social deal to safeguard the EU green transition
	Creating functioning global carbon markets	Expanding Europe’s green global reach
8. Enlargement – and Europe beyond the EU	Reshaping EU economic relations with EMDEs	Europe in a multipolar World
9. EU trade policy: FTAs and beyond	The future of the international economic order	
10. EU-level policies to raise competitiveness: mid-term review and priorities for 27-29	The next MFF: from blueprint to budget	Reform of the EU budget

In the remainder of this research programme, Section II describes the 10 proposed priority topics in detail and outlines minimum deliverables under these topics. Section III describes planned projects that fall outside the priority topics. An annex table summarises our publications under the (almost) completed 2025-2026 research cycle. In an innovation compared with our previous reporting on execution, this is backed by an appendix (attached as a [stand-alone document](#)) that reproduces the priority topics of the 2025-26 programme

and lists research outputs associated with each topic, allowing the reader to decide whether the outputs delivered met the expectations created by the programme. We also conduct a self-assessment. This concludes that we met the targets set in the 2025-2026 Research Programme with some margin in 6 out of 11 topics, exceeded them by a wide margin in 4 topics, and fell short in one topic (“Transformational national reform”, where the aim was to understand reform potential and obstacles in two major areas, while in the end, we could cover only one: pension reform).

Jeromin Zettelmeyer

September 24, 2026

II. Proposed priority topics 2026-27

This section presents proposed priority topics for 2026-27: topics to which we are firmly committed. They are calibrated to take up 50-60 percent of our research capacity, leaving the rest for additional projects outside the priority areas – including in reaction to events and policy questions that we cannot foresee at this stage.

With the exception of Topic 10 – which is *sui generis*, and is expected to result in one long-form publication, possibly with some supporting documents – each of the topics below is expected to result in 2-5 long-form papers as well as several shorter publications. The ‘questions’ listed under each topic, suggested by Bruegel fellows, represent ideas for specific research projects. The aim is not to answer all questions listed; however, our publications should address several question listed for each topic.

1. Europe’s industrial future

Coordinators: Simone Tagliapietra and Jeromin Zettelmeyer

Motivation. Europe’s industry is under pressure due to high energy costs, Chinese competition and decarbonisation needs. These pressures have triggered calls – and legislative proposals – for greater state support in the form of subsidies, procurement, tariffs and extended free allowances under the EU Emissions Trading System. To the extent that they buy time, some of these calls may be justified. However, stepped-up Chinese competition and higher energy costs relative to more energy-abundant economies represent long-term challenges and hence cannot be addressed mainly through protection. Rather, Europe will have to adjust structurally – what it produces, how it produces and where it produces. This includes both revisiting its comparative advantage within the industrial sector and fostering services as a source of growth and jobs.

Questions. What policies are required to ensure that (1) the structure that emerges will be competitive, innovative and offer good jobs; (2) the transformation process avoids large economic, social and political disruptions? How much protection is needed, and of what kind? What is the right balance between cooperation and competition with China? What can be done to make labour mobility less costly? Do we need to upgrade education and reskilling, and how? How can industrial policy be used to foster growth, competition and reallocation? Is it possible to design coordinated industrial policy that supports adjustment while maintaining a level playing field and preventing oversupply of industrial policy at the national level? To what extent does the industrial geography of Europe need to change, and how? How can industrial policy be used to strengthen regions with a particular – current or potential – comparative advantage? How can policy support the growth of high-productivity service jobs? How can Europe become more ‘Schumpeterian’: more supportive of the entry and growth of successful firms, and less supportive of keeping declining sectors and firms alive? In what areas would this require reform: labour market regulation, product market regulation, competition policy, energy markets, housing policies, digital services and/or access to finance, taxation? What kind of reform?

Modalities. At least three Bruegel long-form research outputs, likely including a Bruegel Blueprint; as well as several Analyses, each focusing on specific aspects and/or providing sectoral insights.

2. The future of EU finance

Coordinators: Rebecca Christie and Nicolas Véron

Motivation. Following the great financial and euro area crises, a cycle of major financial reform gave way to a decade of near stasis. This leaves the EU facing challenges along three, partly overlapping, lines:

- *single market*, such as reducing cross border barriers, assessing overlapping issues like tax and insolvency, and aiding capital allocation to spur higher investment and productivity;
- *strategic autonomy*, including both challenges (dependencies on third-country providers, especially in payments, capital raising and investment options) and opportunities (financial services development, drawing from the experience of the most performing national markets in the EU, enabling a greater international role of the euro, and higher investment and productivity); and
- *financial stability*, with risks rising from the geopolitical environment, the potential fragility of the dollar-based international system, reckless US financial services policies, technological change and climate and transition risks.

These challenges are playing out amid three major developments: the pressure on and transformation of Europe's industrial model, which Europe's banking system has historically served, the need to finance massive investments to implement the green and digital transformations and the digitalisation of finance, which could help with the single market issues but adds new complications for strategic autonomy and financial stability. Meanwhile, financial firms are increasingly pressing for looser regulations.

Questions. Does Europe's industrial transformation require a transformation of its financial system, and what roles should banks and markets play? What should be the long-term vision for the EU savings and investment union, including its institutional architecture and interaction with pension systems, and what is the reform sequence to get there? Can efforts to create new EU-wide business regimes like EU Inc. meaningfully contribute to financing objectives? What near-term steps should be given priority? What is the future of securitisation in Europe, and how could it be used to promote green investment while safeguarding financial stability? Do foreign financial institutions have a role in accelerating EU capital market integration? What should be the roles of digital central bank money, stablecoins and tokenised deposits in Europe's digital financial architecture? Should the ECB enhance its swap and repo network and reserve management services offered to non-euro central banks to promote the international role of the euro? Does financial consumer protection require further harmonisation? How should sustainable finance regulation be

adapted? Does the EU need an equivalent of the US office of financial assets control to coordinate its sanctions policy? Is the new anti-money laundering architecture centred on AMLA on track for success?

Modalities. At least four long-form papers (Working Paper/Policy Brief or similar) and several shorter pieces. We will also explore the feasibility of creating relevant new datasets.

3. Pension reform

Coordinators: Zsolt Darvas and Jacob Kierkegaard

Motivation. EU population ageing is accelerating, immigration remains politically constrained and fiscal pressures from prioritised rearmament, decarbonisation and industrial support commitments are rising. Decision-making competences for pension reforms remain fully at the member state level and operate under diverse national political and institutional circumstances, but successful pension reform in a few member states could have a transformative demonstration effect, offering opportunities to improve more sustainable old-age income provision, while also fostering capital market development, crucial for innovation and growth. Successful transition experiences towards mainly prefunded, defined contribution (DC) based systems exist among several EU members but may be hard to replicate in an environment of tighter fiscal and demographic constraints. Experiences with voluntary third-pillar systems are diverse across EU countries.

Questions. With Europe's fertility outlook rapidly deteriorating and diminishing political space for rising immigration, have long-term pension system sustainability projections been overly optimistic? Is there a trade-off between ensuring pension sustainability and preventing old-age poverty? How can pension reform contribute to higher labour force participation, and in particular ensure skilled worker availability and continued prospects for labour productivity growth? Could pension systems be designed to help finance – and potentially reduce – the costs of long-term care? How can pension reform be designed to foster deeper and more integrated European capital markets? In the absence of EU-level centralised taxation, which would enable providing savings incentives to private actors, can the EU play a facilitating role in promoting pan-European savings vehicles? What can be done to channel additional savings generated by pre-funding into productive investment, thus avoiding a further increase in the EU current account surplus? How can national prefunded DC pension schemes be made compatible with continued growth in cross-border labour mobility, and how can they ensure adequate coverage of self-employed, part-time and temporary workers? What can be done to minimise the fiscal costs of transition to pre-funded systems? Is it possible to design a feasible transition scheme for countries with limited fiscal space and almost exclusive reliance on pay-as-you-go (PAYG), and how could such a scheme be accommodated within the newly reformed EU fiscal rules? What best practices from EU members' reform experiences can be identified and potentially replicated? How can third-pillar voluntary pension systems be improved to achieve broader coverage, greater adequacy, better long-term sustainability and to reduce pressure on public pension systems? Beyond promoting the transition to DC-contributory systems, can existing

mostly PAYG national pension systems be reformed to increase pension portability, and do EU level instruments have a role to play?

Modalities. At least two longer papers, and a number of shorter analyses and FG's in response to ongoing pension reform events in member states

4. Is fiscal adjustment feasible, and how?

Coordinators: Zsolt Darvas and Roel Dom

Motivation. Fiscal adjustment is almost always feasible, but political economy constraints often mean that it materialises only under duress, such as market stress and crisis programmes. While not all EU countries require fiscal adjustment, most have committed to do so under medium-term fiscal-structural plans approved by the Council of the EU in 2024 and 2025. Among these, several high-debt and high-deficit European countries face a seemingly impossible adjustment problem: to stabilise debt over the medium term, while also raising defence spending, adjusting to a higher real interest rate environment, managing rising aging costs, filling large infrastructure gaps and preventing further social polarisation. For EU member states, the expiry of the defence-related national escape clause (which permits temporary deviations from agreed fiscal paths during 2025-2028) and the termination of NGEU funding will create additional adjustment pressures. Is there a way to reconcile these objectives, while also avoiding a persistent drag on growth? If not, what will give?

Questions. What combination of expenditure reprioritisation, revenue measures, and structural reforms, including those that improve the quality and efficiency of public expenditures, can deliver debt stabilisation without undermining growth, social cohesion and security, while fostering the green transition? How does the answer differ across European countries with substantial adjustment needs, and what institutional, demographic and political factors drive these differences? What can be learned from the design and implementation of earlier successful fiscal adjustments? To what extent can higher public spending on defence, infrastructure, climate and digital priorities raise long-term growth, productivity and economic resilience? How can the EU fiscal framework best support support just, effective and realistic fiscal adjustment strategies? How should tax expenditures be reflected in fiscal surveillance and medium-term fiscal planning under the EU fiscal framework? Do national fiscal frameworks and institutions require strengthening? Can defence expenditure be incorporated into medium-term fiscal frameworks and fiscal rules without weakening fiscal discipline? To what extent can improved management of public assets alleviate fiscal pressures and reduce the need for fiscal consolidation? How can fiscal adjustment strategies be made more resilient to adverse macro-shocks? If fiscal adjustment proves unsuccessful, will member states and EU institutions be able to contain and manage a major fiscal crisis?

Modalities. At least one Working Paper and two Policy Briefs and/or Analyses.

5. Whole-of-economy security

Coordinators: Heather Grabbe and Guntram Wolff

Motivation. Military, hybrid and cyberattacks; economic coercion; fragile supply chains; climate impacts and energy insecurity are interconnected threats that demand integrated responses – yet fiscal constraints imply trade-offs between them, requiring efficient solutions. Food, water, land and nature are foundational to economic activity as well as defence. Military capabilities depend on security of supply. Energy security is increasingly dependent on water security. Adaptation and nature-based resilience can blunt the impact of climate disasters, which left unchecked add to fiscal costs and make economies more vulnerable to coercion.

Questions: How can Europe reduce its dependencies without harming its defence operational readiness and hurting growth and competitiveness? Which vulnerabilities require collective supranational rather than national responses? What is the right organising framework for these responses: the EU, or cooperative structures at the European, plurilateral or multilateral level? How can defence market structures be improved to foster innovation and competition? What are the feasible gains from supranational defence procurement cooperation? How can defence-cooperation and armaments-production synergies with Ukraine be maximised? How is Russia's economy responding to war and sanctions? Does Europe need to pay greater attention to civil protection? How will AI magnify cybersecurity risks, and how can Europe protect itself? What policy and market solutions are available to mitigate risks related to Europe's cloud dependency? How should supply chain dependencies in military production be defined and managed? How can raw materials competition between defence needs and other applications be minimised? How could a competition-friendly industrial policy for economic security be designed? What policies could improve energy security for both military and civilian sectors? How can the EU improve resource productivity and materials efficiency to reduce strategic import dependencies? To what extent can recycling initiatives and technologies strengthen resilience of supply? What can be done to accelerate Europe's transition away from geopolitically risky imports of fossil fuels oil and gas imports? How can adaptation and nature-based resilience increase Europe's security and provide opportunities for new industries? Can EU development policy and European participation in International Financial Institutions contribute to resilient supply chains, sustainable resource partnerships and broader economic security objectives, while also maintaining credibility as a development actor? How has the concept of strategy autonomy changed over time, and what are the implications?

Modalities. At least three Policy Briefs or Working Papers. We will also update existing defence procurement and import datasets, and consider the creation of a new dataset on European climate risks which would seek to (i) harmonise open access information (ii) translate it into economic impacts on geolocated firms' productive plants and infrastructure by country and type of hazard (droughts, wildfires, heatwaves, floods, storms) and (iii) map it according to economic sector classifications (eg NACE 4-digit level).

6. Europe's AI challenges

Coordinators: Mario Mariniello and Bertin Martens

Motivation. Europe shares many of the general challenges associated with AI adoption: to generate broad-based innovation gains and higher labour productivity beyond the frontier firms who invent or are first adopters; to minimise labour market dislocations and adverse impacts on learning and human capital; and to contain risks to the manipulative and criminal abuse of AI, from cyberattacks to disinformation campaigns. With strong social safety nets, redistributive taxation and competition frameworks, European societies are well placed to handle many of these challenges, but will likely need to adapt its frameworks and institutions, including in the regulatory and labour market areas. Given the cross-border nature of some of the potential AI-induced harms, it may also need to seek coordination on a minimal global framework for AI governance.

Europe is also behind in many dimensions related to AI production: large models, data centres, chips and a 'hardware stack' on which such production can be built. Not all of these shortcomings matter to harness the economic gains of AI, but some may; others may put Europe in a position of dependency that further extends its already existing vulnerability to economic coercion by the US and China. To address these problems, Europe must reflect on and combine three strategies: (1) specialisation in areas of comparative advantage, supported by policy; (2) EU-level and European-level coordination, including use of the single market to exploit existing comparative advantage and achieve scale; (3) collaboration and capability-sharing with other technologically advanced economies that are in the same situation, including India, Taiwan, Korea and Japan.

Questions. In what ways does AI change the way in which knowledge is produced and operationalised? Should this impact the design of economic institutions? Does AI create a need to reform labour markets and social safety nets, and if so, how? What are the educational requirements of an AI-driven economy? Can taxation steer AI to complement workers rather than replace them? Should EU tax frameworks be modified to reflect the rise of AI? Should regulation reinforce pre-AI private rights, or should we rethink them from an economic perspective, evaluating the trade-off between social welfare and private welfare? Who sets AI's technical standards, and in whose interest? How can AI's massive data needs for both model training and real-time retrieval be reconciled with copyright provisions? How can copyright protection balance incentives to produce new online content while ensuring wide access to that content? What AI production areas should Europe specialise in, and how can policy encourage these areas of specialisation? What are the main barriers to AI adoption by small and medium-sized enterprises, public administrations and service-sector firms, and what policies could accelerate diffusion across European value chains? How can AI adoption translate into value creation retained by the EU economy in the form of, for example, productivity gains? How do competition frameworks need to adapt, both to ensure competition in the AI industry and to address the impact of AI on competition in the wider economy? How can the EU operationalise collaboration on an 'AI stack' with likeminded economies and ensure that the provision of technological services is reliable and

trustworthy? Is meaningful international coordination on AI governance achievable, and if so how? What are constraints impeding actors from cooperating? What should Europe's compute infrastructure goals be, and how can they be achieved?

Modalities. At least four Bruegel long-form research outputs (Policy Briefs or Working Papers) and several shorter pieces. At least one of these papers will relate to security aspects of AI, straddling priority topics 5 and 6. We will also explore the possibility of creating a dataset that tracks European production and trade in the 'AI stack', and discusses its implications for firm productivity, the single market and economic dependency.

7. Feasible climate policy

Coordinators: Simone Tagliapietra and Georg Zachmann

Motivation. The heatwaves and oil shocks of 2026 have further underlined that it is imperative to accelerate global mitigation and adaptation efforts and reduce the dependence of oil and gas importers on fossil fuels. At the same time, climate policy in the EU and like-minded advanced countries is under political and economic pressure, driven by high energy costs, industrial competitiveness concerns and a complicated international landscape. The US is undermining global climate action, developing countries are focused on adaptation and national development objectives and collaboration with China is complicated by trade and security-related tensions. While EU-internal instruments like ETS1 and ETS2 are increasingly portrayed as scapegoats for underlying structural vulnerabilities, the integration of domestic and external EU climate policy instruments continues through the Carbon Border Adjustment Mechanism (CBAM), Clean Trade and Investment Partnerships and the Global Gateway. This landscape calls for an integrated approach, one that moves beyond technical discussions of individual climate policy instruments as stand-alone objects and instead seeks to make EU climate policy robust and affordable in the context of a new domestic political economy, geoeconomics and limited fiscal space.

Questions. How can the EU maintain the integrity of its carbon pricing architecture under political pressure for rollback – namely considering the upcoming ETS1 review? What would it take to redesign the EU cap-and-trade into a cap-and-invest system, and what other policies could support this shift after 2030? To what extent are ETS1 revenues recycled back by member states in line with decarbonisation goals? Could increased conditionality on revenue use and free allocation of emission allowances fill the investment gaps for hard-to-abate industries? More broadly, how could the upcoming 2040 Climate and Energy Package, in light of the recently approved 2040 decarbonisation targets, balance ambition and political feasibility? How does the EU electrification strategy interact with EU climate policy goals and architecture? Is the EU's external climate policy (ie CBAM, CTIPs and Article 6 credits) coherent enough to constitute a credible strategy toward emerging and partner countries? How can the EU and the UK further align their climate policy efforts? How can the EU combine its internal climate architecture with its trade and international development tools to reduce emissions beyond its borders? How can the EU better align its policies on climate, energy security and economic competitiveness? Is there a tension between the

ambition and credibility of climate policy, and if so, how should this be resolved? How can fiscal and financial instruments be combined most effectively to address large investment needs related to the green transition, both in the EU and internationally?

Modalities. A new dataset to track ETS1 and ETS2 trends and developments. At least two Bruegel long-form research outputs and several Analyses.

8. Enlargement – and Europe beyond the EU

Coordinators: Heather Grabbe and Nina Vujanović

Motivation. Over the next year, the EU will define a new set of relationships with non-members that are close partners; likely bringing Ukraine into a closer defence relationship, giving Montenegro (and possibly other candidates) a prospective membership date, ratifying a labour mobility agreement with Switzerland and potentially starting closer market integration with the UK. Notwithstanding domestic political challenges, the geopolitical urgency for European democracies to pull together amid turbulence and external threats is causing a tightening of relationships across wider Europe.

Questions. How should EU financial support to Ukraine evolve? How will pressure to integrate Ukraine faster into the European security architecture and specific policies change the EU's enlargement policy? How can conditionality before and after accession improve the rule of law and structural growth drivers in Ukraine? How can Ukraine's military innovation spill over into innovation in other sectors, and what is the role of the EU accession process in this area? How is EU-Ukraine trade evolving ahead of accession? How are Western Balkan firms integrating into the EU single market ahead of accession? How can the EU accession process bridge innovation gaps in its neighbourhood? How can EU policies facilitate the green transition in accession countries? Is the Multiannual Financial Framework (MFF) ready for enlargement? What are the implications of future enlargements for cohesion policy, agriculture and administrative expenditure? How should euro accession criteria be interpreted for Montenegro, given its longstanding unilateral adoption of the currency and large external imbalances? How are EU-UK regulatory divergences affecting trade and market access? If a political window opens for closer economic integration with the UK, what should be the priorities? How can the EU work with its nearest trade partners to strengthen the resilience of value chains? What political architecture – both within the EU, and between the EU and European countries outside the EU – is best suited to reconciling different degrees of integration (for sovereignty or development reasons) and the need to provide European public goods and manage common threats?

Modalities. At least 3 long-form papers, one based on a large survey of firms in the Western Balkans and EU.

9. EU trade policy: FTAs and beyond

Coordinator: Ignacio García Bercero.

Motivation. As a slow-growing region with limited natural endowments and high labour costs, Europe should be expanding and/or deepening its trade relationships for much broader reasons than just reducing its dependence on specific suppliers. However, the EU has negotiated comprehensive free trade agreements (FTAs) with most countries in the Western Hemisphere and the Indo Pacific – with the US and China the main exceptions – and has also concluded digital trade agreements with several countries. While an FTA with a future US administration remains an option, it is hard to envisage a goods FTA with China given concerns about import dependence and overcapacity, but an agreement on investment or services might be feasible provided it is coupled with robust level playing field provisions. The EU has FTAs only with a limited number of African countries and these are primarily first-generation agreements limited to trade in goods. The EU has not been able to ratify any investment protection agreement so far, but has been experimenting with investment facilitation agreements and clean trade and investment partnerships. A dialogue between the EU and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has been launched, without yet achieving a tangible outcome.

At the same time, efforts to expanding trade agreements may run into growing protectionism both in the EU and in partner countries. There are also tensions between trade and industrial policies, as well as the need to better integrate economic security concerns into trade policy. This reflects concerns about China, but also economic, social and political pressures in EU member states.

Questions What concrete steps could be taken to further strengthen the network of EU trade agreements? Can the EU's FTA network provide the basis for an alliance in support of rules-based trade? Could this combine a broad framework for cooperation that encompasses all FTA partners with variable geometry cooperation on areas of common interest? What new initiatives could be pursued for strengthening trade and investment relations with Africa? How can EU trade and investment policy support value chain upgrading in developing economies, and how is it best used to promote sustainability and climate objectives? What is the scope for expanding EU trade and investment agreements in the bilateral and plurilateral space sitting between the current FTAs and World Trade Organization (WTO) reform? Examples include the negotiation of a common protocol of rules of origin, the negotiation of plurilateral agreements amongst subsets of EU FTA partners and cooperation in areas of common interest like the interface between trade and industrial policies, economic security, decarbonisation or regulatory challenges. What should be the priorities for EU-CPTPP cooperation? Is it possible to adapt the EU China investment agreement to better respond to level playing field concerns and to address other areas of mutual interest? Is it possible to develop sectoral trade policy tools to deal with regulatory or economic security challenges that are both flexible and WTO-compatible? What is the scope to further develop digital trade agreements, including reinforced regulatory cooperation? Are EU trade defence instruments (ie anti-dumping, anti-subsidy, safeguard measures) effective in addressing competitive distortions? What additional tools might exist, or be created, to address such distortions and respond to macroeconomic imbalances?

Modalities. 2-3 Policy Briefs and Working Papers, as well as several shorter publications.

10. EU-level policies to raise EU competitiveness: mid-term review, and priorities for 2027-29

Coordinator: Jeromin Zettelmeyer

Motivation. Inspired by the Draghi and Letta reports, the 2024-29 European Commission has embarked on a series of steps to improve EU competitiveness. These can be broadly classified into three buckets: (1) single market reform, particularly in financial and energy markets; (2) simplification and reform to lower regulatory burdens; (3) the use of instruments such as procurement policy, subsidies, the state aid framework, foreign direct investment regulation and trade policy to defend EU firms against foreign competition and promote European manufacturing. The aim is to undertake a mid-term stock-taking and review of these efforts, based both on documents and interviews.

The proposed project has some common elements with efforts to measure the implementation of the Draghi report (eg [Institut Montaigne](#), 2026), but differs in three respects. First, the project will focus not only on the scope of policies and the extent to which intentions have translated into actions, but also attempt to assess the quality of policies. Second, the Draghi report will not be the main benchmark. Instead, Commission policies would be evaluated in the same way in which the Commission or the IMF evaluate the policies of member states: against a frame of reference drawing on best practices and recent policy recommendations. The latter would include Bruegel's 2024 memos to the EU leadership, the Draghi report and the Letta report, as well as Bruegel research conducted during 2025 and 2026. Third, the purpose is to look forward rather than just take stock: in the form of a set of recommendations on where the Commission should set its priorities for the remainder of its term.

Questions. How has the Commission distributed its efforts across the three buckets of single market reform, regulatory reform and efforts to mobilise subsidies, trade policy and procurement in support of EU firms? In which of these areas have there been tangible outcomes, in the sense of regulations or communications that can be expected to change facts on the ground? To what extent are they likely to succeed in raising productivity growth in the EU and improving the competitiveness of EU firms in a sustainable manner? To what extent do they recognise potential trade-offs – for example, between supporting existing firms in maintaining market shares and fostering reallocation toward higher productivity uses; between spending on subsidies and spending on other objectives; between lowering energy prices and lowering energy consumption; between a more assertive use of trade and subsidy instruments and the preservation of the rules based order? Where trade-offs are acknowledged, do the Commission's policies reflect efficient compromises, in the sense that it is difficult to do better on one dimension without doing worse on another? If so, is the weighting of conflicting objectives reasonable? How successful, specifically, is the EU-level attempt to reduce regulatory burdens for firms in this respect? Does the Commission have sufficiently strong frameworks and institutional capacity to guide its future work in areas such as new regulation, deregulation and decisions on state aid? If not, where do these frameworks require strengthening?

Modalities. Either one Blueprint-length multi-chapter publication, by the end of Q2 of 2027, or one extensive Policy Brief with supporting Working Papers or appendices.

III. Additional projects

Additional projects refer to any Bruegel work that is not covered by a priority topic. Some will arise in response to new developments and policy questions, while some are currently envisaged (but may be modified or crowded by more pertinent questions).

The remainder of this section gives a summary of proposals as of July 2026, grouped by research areas. Each bullet corresponds to a specific project; but also represents an interest in a broad topic that may lead to an additional or different project.

11. Macroeconomic policy and governance

- **Fiscal dominance and euro area financial resilience.** High public debt and changes in the structure of sovereign debt markets may increase the risk that fiscal stress constrains monetary policy, even in a regime with a highly independent central bank. Under what conditions could sovereign stress threaten financial stability, monetary transmission or the integrity of the euro area strongly enough to limit the European Central Bank's (ECB) effective policy choices? How resilient are existing euro area institutions and financial markets to such a shock, and what reforms would reduce the risk of fiscal or financial dominance?
- **Evaluating the first two years of implementation of the new European fiscal rules.** Bruegel research in 2024-2025 identified several features and potential risks in the initial implementation of the new European fiscal framework. With more than two years of implementation, we plan to assess whether the risks we identified have materialised and examine areas for improvement.
- **Revisiting potential growth projections.** The EU's Commonly Agreed Methodology (CAM) for estimating and projecting potential growth is a central component of the EU fiscal framework. Because the debt sustainability analysis underlying the framework is forward-looking, assumptions about future economic growth play a critical role in assessments of public debt sustainability and the calibration of fiscal adjustment paths. The methodology is regularly reviewed by the Potential Output Working Group (POWG), which brings together experts from EU countries, the European Commission, and the ECB. This project will assess the current methodology, examine the academic and policy literature on its strengths and limitations, and develop proposals to improve it.
- **Supply shocks, inflation and monetary policy.** Recent supply-side shocks raised difficult trade-offs for monetary policy. An empirical study could assess how successfully major central banks have identified demand- and supply-driven inflation, how effectively their policy responses have limited the medium-term consequences

of supply shocks and whether there are policy instruments outside the standard monetary-fiscal toolbox that should be put to use more systematically in response to supply shocks.

- **Analysis of the emerging EU multiannual budget.** Negotiations on the EU's 2028-2034 Multiannual Financial Framework are under way, based on the European Commission's July 2025 proposal and the Cyprus Presidency's June 2026 negotiating box. Bruegel research has already contributed several analyses to this debate and will continue to assess key decisions, proposals and negotiating documents as the process develops.
- **Preparing the EU budget for enlargement.** Extending the methodology of Darvas and Mejino-López (2024) and considering the proposed new allocation rules for the 2028-2034 budget, this project will assess the implications of future EU enlargement for the next MFF. Building on the European Commission's 2026 financial package for Montenegro, which sets out a gradual, performance-based transition from pre-accession assistance to full participation in EU internal funds, and provides an initial template for integrating new member states into the 2028–2034 budget framework, we will examine how similar arrangements could be adapted for other candidate countries, including the Western Balkans, Ukraine, Moldova and Georgia, and estimate the effects of enlargement on major spending categories (particularly cohesion policy, agriculture and administrative expenditure), as well as on member-state contributions and net budget balances.
- **Euro-area accession prospects.** This would examine the case for accession from the perspective of EU member countries that are considering joining the Euro, such as Hungary and Romania. Meeting the Maastricht criteria at entry does not, by itself, ensure successful performance. The key question is therefore which economic and institutional conditions should guide the decision to adopt the euro.

12. Global economy and trade

- **Analysis of the Chinese economy and its international linkages.** Beyond aspects already covered in priority topics 1 (Europe's industrial future), 5 (economic security) and 9 (AI challenges): is China building an alternative international monetary system? Where does the Chinese financial system stand, and what does this mean for the rest of the world?
- **China and the WTO:** China has been accused of promoting its industrial and political interests through economic tools including subsidies, weaponisation of critical minerals, control of state-trading enterprises, currency undervaluation, and the use of legally non-binding instruments to influence the behaviour of private companies. To what extent does this behaviour conflict with WTO law ? To the extent that it does not, what changes would be required to provide more effective discipline ?

- **Can economically needed immigration be made politically sustainable?** Europe's populations are rapidly ageing, and continuing immigration offers one near-term policy to mitigate adverse labour market and other economic effects. European elections, however, increasingly favour political parties intending dramatic immigration reductions, if not outright net outward migration from member states. Like in the design of the necessary economic disruption of taxation, how can European countries and the EU design a politically sustainable immigration policy that delivers maximum economic benefits? The analysis will focus on the policy design emphasis on individual channels of migration, skill levels, geographic regions of origin, net fiscal impact and labour market effects.
- **Analysis of the Indian economy and its international linkages:** the status and prospects of India's energy transition and India's evolving foreign policy (focusing on its relations with the United States, with lessons for its relations with Europe).
- **How can the EU better align its domestic revenue mobilisation (DRM) agenda with its broader development strategies?** Can DRM be integrated with the Global Gateway and the proposed Global Europe instrument to improve not just the sustainability of partner countries' public finances but also the broader development impact of EU development cooperation?

13. Banking and capital markets

- **Impact of Savings and Investment Union.** Assuming that the SIU were to lead to integrated capital markets, what would be the impact on intermediation costs, net returns on savings and investments, levels of savings and investment and the EU current account?
- **Narrowing the gaps in climate insurance protection and adaptation finance.** As disaster-related damage grows, adaptation needs are outpacing fiscal capacity and climate risks are increasingly uninsurable. We will investigate the size of these gaps and identify policy measures at EU and national levels that could help to fill them and reduce moral hazard.

14. Microeconomic policy

- **Behavioural taxation.** The EU's transition to a sustainable, competitive economy requires tax systems that can both steer behaviour and support competitiveness. We will assess how taxes can be designed to effectively steer behaviour while minimising economic distortions and adverse distributional effects.
- **Business taxation.** Tax policy is a powerful lever to influence business activity and investment in the EU. However, tax policy operates within various international and EU-level legal frameworks. How do EU legal and economic constraints affect the use of tax incentives, and what are the economic consequences of these constraints?

15. Energy, climate and nature

- **Electrification and Electricity Union.** Accelerating clean electrification is central for the EU to reach its 90 percent emissions reduction target by 2040, foster its industrial transformation and ensure energy security. We will work on policies that can make the electricity system more integrated and flexibility, raising its stability and lowering costs.
- **AI and electricity.** Data-centre expansion can support AI adoption, industrial competitiveness and European digital sovereignty, but also impose significant local costs. Where electric supply is constrained, including because of grid constraints, rising demand could increase electricity prices, congestion and emissions, while competing with industrial electrification. This research will assess these impacts and explore policy options on siting, additional renewable generation and storage, flexible loads, network tariffs and the allocation of scarce grid capacity.
- **The role of energy-related public subsidies in supporting the transition to a more sustainable economy.** This project will focus on the relative merits of tax incentives and direct grants as policy instruments seeking to contribute to the design of more effective industrial and climate policies in times of high energy costs and competitiveness concerns.
- **Taxation for the circular economy.** Despite the EU's circular economy ambitions, its tax system remains biased toward the linear "take-make-waste" model. We will apply a lifecycle framework to assess the effectiveness of price-based instruments in incentivising circularity at both national and EU levels, with recommendations for the implementation of the EU Circular Economy Act.
- **Nature-based resilience.** Public and private investments in economic resilience often miss the potential for nature-based solutions, and conversely the impact of resilience measures on eco-systems. This project aims to develop policy recommendations for national governments and EU institutions on the scope for nature-based resilience, risk reduction and solutions.
- **Adaptation industries for European competitiveness and resilience.** This project will explore the logic, strategies and institutional and execution challenges for European countries and cities to develop climate adaptation industries in the context of the rapid development of EU policies both on climate resilience and industrial strategy for competitiveness.
- **The fiscal limits of adaptation.** Adaptation investment can have high economic returns, but not all economically efficient adaptation investment may be fiscally feasible. This project would seek to explore these limits by linking the cost-benefit analysis of adaptation with stochastic debt sustainability analysis.

Annex table: research-related outputs under the 2025-26 research programme

	Data-sets	Publications						Podcasts	Events
		FGs	Analyses	PBs	WPs	Other	Total		
<u>Priority topics</u>									
1. Tax policy for efficiency, competitiveness and climate	-	-	2	1	1	-	4	1	1
2. The next MFF: from blueprint to budget	-	2	2	1	-	-	5	2	1
3. Sustainable finance, disclosure and the future of investment	-	1	1	2	1	-	5	1	8
4. Transformational national reform	-	2	-	-	3	-	5	-	3
5. Regulatory reform for a more dynamic single market	-	3	1	2	-	-	6	1	3
6. Europe’s digital challenge: combining productivity with autonomy	-	7	6	4	2	-	19	4	8
7. Industrial and institutional implications of European rearmament	1	5	-	2	4	-	11	1	7
8. Green industrialisation for competitiveness and security	1	3	2	2	1	-	8	2	6
9. Creating functioning global carbon markets	-	1	1	1	1	-	4	2	2
10. Reshaping EU economic relations with EMDEs	1	1	3	1	4	-	9	4	5
11. The future of the international economic order	-	4	-	2	3	3	12	2	4
Total priority topics	3	29	18	18	20	3	88	20	48
<u>Additional topics</u>									
Macroeconomic policy and governance	1	9	2	1	8	3	23	6	9
Banking and Capital Markets	-	1	2	1	-	-	4	2	8
Global economy and trade policy	2	9	4	1	7	1	22	5	12
Microeconomic policies	-	-	-	1	1	-	2	1	3
Energy and climate policy	3	10	5	4	2	-	21	4	6
Multi-topic and other	-	3	-	-	-	-	3	9	7
Total additional topics	6	32	13	8	18	4	75	27	45
Grand total	9	61	31	26	38	7	163	47	93

Note: table covers reflects an estimate of Bruegel's total research and publications output between 1.9.2025 and 30.8.2026, except for two delayed publications that were published in September 2026. Datasets include both new and existing datasets that were updated during the reporting period. FGs refers to First Glances, PBs to Policy Briefs, WP to Working Papers and Other to Bruegel books, essays and reports, as well as papers commissioned by the European Parliament.