

Outcome of the 12 February 2026 EU leaders' competitiveness retreat

'In 2026, we will deliver', was the main message of European Council President António Costa after the EU leaders' informal competitiveness retreat at Alden Biesen castle, Belgium, on 12 February 2026. There was a shared sense of urgency on the need to fix the ailing EU economy, which suffers from low productivity, expensive energy, bureaucracy, a fragmented single market, fierce competition from the United States and China, and the unravelling rules-based global order.

As usual, no formal conclusions were adopted, but in light of the new geoeconomic situation a consensus emerged among EU leaders to move forward rapidly and decisively on: 1) the simplification agenda, 2) the completion of the single market towards 'one market for one Europe', 3) the review of the merger guidelines to allow champions to emerge in strategic sectors, 4) the need for short-term measures to address the cost of energy, notably electricity prices, 5) the introduction of a targeted European preference for strategic sectors, 6) a proactive trade policy, with swift implementation of recent trade deals and the negotiation of further ones, and 7) accelerated implementation of the savings and investment union. The meeting paved the way to the adoption of concrete measures at the March European Council, at which European Commission President Ursula von der Leyen will present a 'One Europe, One Market Roadmap and Action Plan'. European Parliament President Roberta Metsola was invited to join EU leaders, as were the authors of two landmark competitiveness reports, Enrico Letta and Mario Draghi.

1. General

The competitiveness retreat, requested by 19 EU leaders [in a letter](#) from October 2025, is the second EU leaders' 'strategic brainstorming' since President Costa took office – the first one, in February 2025, was [dedicated to defence](#). Addressing Parliament in January 2026, Costa [stated](#): 'Just as leaders provided strong momentum to the Europe of defence in 2025, we must do the same for Europe's economy in 2026. Working hand in hand with the Commission and the European Parliament – to give a new impetus to Europe's economic growth, innovation and resilience.'

In his [invitation letter](#), Costa planned discussions around two dimensions: 1) the geoeconomic context and the EU's positioning in the new setting, and 2) internal strategy and policies, and priorities in that respect. At the doorstep of the retreat, [he outlined](#) four priorities that EU leaders would focus on: 1) completing the single market, the strengthening of which he described as 'an urgent strategic imperative', 2) scaling up EU companies, 3) continuing a proactive trade policy and protecting companies from unfair competition, and 4) investing more and better.

A series of meetings and position papers by different groups of Member States preceded the meeting. Just ahead of the retreat, Germany, Italy and Belgium called a [pre-summit meeting](#), following the model used for migration issues. Based on a [joint input paper](#) by these three countries, the [19 Member States attending](#) (all except Estonia, Ireland, Latvia, Lithuania, Malta, Portugal, Slovenia and Spain) called for rapid action to reduce energy prices, relaunch the single market and accelerate simplification. [Emphasising](#) that the EU was 'on the brink of an existential crisis', Belgian Prime Minister Bart De Wever stressed, however, that there was 'momentum', and that there was now a 'triple priority: innovation, productivity and competitiveness'.



Likewise, six northern Member States (Estonia, Finland, Latvia, Lithuania, the Netherlands and Sweden) had published a [non-paper](#) arguing that 'Europe is in a tough spot' but had 'every possibility to be competitive'; and suggesting measures to strengthen the single market, improve State aid policies, and improve the capital markets, while continuing with the simplification agenda; focusing on economic security and trade; and putting emphasis on clean transition and increased energy production. Von der Leyen also sent her [own letter](#) to EU leaders, underlining that 'a competitive economy is the foundation of our prosperity' and warning that the world was 'increasingly shaped by raw power, strategic rivalry and the weaponisation of dependencies'.

Leaders of key European industries met in Antwerp, on 11 February, for the third '[European Industry Summit](#)', attended by German Chancellor Friedrich Merz, French President Emmanuel Macron, De Wever and von der Leyen. Factors hindering the competitiveness of EU companies – [including](#) high energy costs, bureaucracy and fierce global competition – took centre stage. [According](#) to De Wever: 'Jacques Delors once said ... without industry, there is no technological leadership. Without technology, there is no defence capability. And without those two, there is no strategic autonomy.'

2. European Council meeting

Simplification agenda

'There is unanimous agreement to continue to push ahead with our ambitious simplification agenda as developed in Ursula's [recent letter](#) to the leaders', Costa stated [after the meeting](#). EU leaders launched a 'simplification revolution' in [November 2024](#) and the Commission has since proposed 10 simplification omnibus [proposals](#), three of which have been adopted; for the seven others, the co-legislators were, [according](#) to von der Leyen, asked to speed up work. As announced in her letter, simplification would be tackled 'at all levels', with 'a deep house cleaning on the *acquis*' as well as a crackdown on gold-plating, with 'these extra layers of legislation' being responsible for '27 different realities in the member states'. While Merz and Italian Prime Minister Giorgia Meloni had [called for](#) an 'emergency brake' on new EU legislation, von der Leyen just [indicated](#) that there would be 'less directives and more regulations', 'sunset clauses' introduced in new laws, and that delegated and implementing acts would be limited to a minimum.

Move to 'One market for one Europe'

According to a [study by the IMF](#), internal barriers within the single market are equivalent to a 45 % tariff on goods and a 110 % tariff on services. In his [invitation letter](#), Costa stated: 'In the current geopolitical environment, strengthening our Single Market is, more than ever, an urgent strategic imperative.' The report '[Much more than a market](#)' by former Italian Prime Minister Enrico Letta [proposes](#) moving from the single market to one market, an approach strongly supported by the EU leaders, who called for the necessary measures 'to be carried out urgently, in the years 2026 and 2027'. Among many other leaders, De Wever [stressed](#): 'We should integrate our markets. We are waging a trade war on ourselves.' Completing the single market was also a central point in EP President Metsola's [speech](#): 'Fragmentation means we are allowing ourselves to be squeezed from our East and our West. And at the speed with which things are moving, we need to act – now.'

Von der Leyen [committed](#) to proposing to the March European Council meeting a 'One Europe, One market roadmap and action plan' with measurable targets and deadlines. The roadmap is to be adopted jointly with the co-legislators and the measures finalised by the end of 2027. Among the main [measures envisaged](#) is the [28th regime](#), a startup-friendly, EU-wide, single legal framework that is expected to be presented on 18 March, and which gained the support of EU leaders.

Scaling up companies

As Costa [underlined](#), 'in some sectors like telecom, we should allow for a degree of company consolidation to achieve the necessary levels of investment and innovation. [...] The leaders want true European champions to emerge in strategic sectors.' To meet that aim, a review of cross-border merger guidelines will be presented in April, which will aim [to reflect](#) the 'realities of the global

market, not just the European one'. Macron [stressed](#) that there was consensus on the need for new guidelines on mergers.

In parallel, the Commission is planning to propose an industrial accelerator act on [26 February 2026](#). This has been delayed several times due to its 'Made in EU' clause on European preference (see below), which the Commission intends to maintain for strategic sectors based on solid economic analysis and which it [may](#) also extend to 'trusted partners'. While France had been [pushing](#) for a 'buy European' clause, nine Member States (Czechia, Estonia, Finland, Ireland, Latvia, Malta, Portugal, Sweden and Slovakia) have been [reluctant](#), as such a clause could have 'consequences for effective competition, price and quality levels, and effects on businesses'.

Energy costs

'The energy transition remains the best long-term strategy for Europe to achieve strategic autonomy and lower prices', Costa [stated](#) after the meeting. However, 'pragmatic solutions' will be needed in the meantime to reduce the impact of high prices on industry, with Commission proposals expected in March. Meloni [underlined, when arriving](#): 'The most serious issue threatening the competitiveness of our businesses (is) energy costs'. Likewise, Greek Prime Minister Kyriakos Mitsotakis [called for](#) energy market integration to lower energy prices in Europe.

Two issues were raised more specifically by EU leaders: 1) the merit order system governing the electricity market, the dismantling of which had already been called for during the 2022 energy crisis. Von der Leyen will present options for its revision at the March meeting; 2) the reform of the EU emissions trading system (ETS), the functioning of which was criticised by Member States such as Austria, Belgium, [Czechia](#), Italy and Poland. While some Member States agree that the revenue from the ETS could be better redirected towards companies committed to decarbonisation, countries such as Austria, Poland and Czechia advocate abolishing the second phase of the ETS and returning to free quotas. Austrian Chancellor [Christian Stocker](#) was particularly critical of both ETS1 and ETS2 in his doorstep statement: 'For the time being, I think it's important that we extend the free certificates for industries.' Czech Prime Minister Andrej Babiš said a 'revision was a way of saving the industry immediately'. In contrast, Finnish Prime Minister Petteri Orpo [is of the view](#) that the EU must continue with the green transition and that it cannot punish countries such as Finland, which have invested heavily in the transition.

Protecting strategic industries and reducing dependencies

Ahead of the meeting, the idea of European preference favoured by France and the Commission seemed to divide Member States, with [Nordic and Baltic countries](#) branding the concept as harmful, and Germany and Italy [distancing themselves](#) from a 'buy Europe' or narrow 'made in Europe' concept, preferring '[Made with Europe](#)'. Divisions were overcome, with consensus emerging among EU leaders – shown in the [joint appearance](#) of Macron and Merz on the doorstep – on a European preference for 'selected strategic sectors in a proportionate and targeted way', to be defined after analysis. This was confirmed by Costa, who [stated](#): 'There is a broadly shared understanding about the strategic importance, for Europe, to protect and reinforce certain sectors. I heard being mentioned defence, space, cleantech, quantum, artificial intelligence (AI), as well as payment systems.' He added that dependencies would be tackled through a diversification strategy to reduce risk.

Ahead of the retreat, Macron had [reiterated](#) his call [in Davos](#) to invest jointly and on a large scale in key technologies, such as defence, green transition technologies, AI and quantum computing. Estonian Prime Minister Kristen Michal [also called](#) for investment in breakthrough technologies and AI and was concerned that Europe was currently lagging behind global competitors. He added that, in three years, 100 % of Estonia's education system will be using AI.

Pursuing a proactive trade policy

As Costa had [emphasised](#) in Parliament, in today's geoeconomic context, enhancing economic security, upholding an open economy, and building international partnerships are essential. In line with the [Budapest declaration](#), there was unanimity among EU leaders that 'Europe [must be] open

for trade' and that 'an ambitious and pragmatic trade policy, focused on diversification, is in our collective interest'. Von der Leyen [elaborated](#) on the EU leaders' strong support for 'swift implementation of the newly agreed trade deals' with Indonesia, India, Switzerland, and Mercosur, the [legality](#) of which is being contested in court, although Merz [assumes](#) that it can and will be provisionally applied. EU leaders also [encouraged](#) work on future agreements, notably with ASEAN, the Gulf States, and Australia. Metsola [stressed](#): 'When we are confident and when we are outward-looking, we can achieve a lot.'

Investing more and better: Savings and investment union

Enabling EU businesses to invest and innovate by turning the savings of Europeans into financing for business is crucial to improving Europe's competitiveness. In his report on 'The future of competitiveness', Mario Draghi had called for annual additional investment of €750-800 billion to meet the EU's strategic investment needs. A year on, in September 2025, [he estimated](#) that the investment needs had gone up to nearly €1 200 billion; since fiscal space is scarce, Europe is in a more difficult place. In his presentation to EU leaders, he [offered](#) an equally sobering analysis.

In that context, Costa [stressed](#) that the EU needed to invest 'more and better', with both public and private financing. As public investment through the EU budget is due to be discussed later in the year, the focus at the retreat was on mobilising private investment to enable EU companies to grow and create a more 'dynamic and vibrant' investment ecosystem. As Costa [underlined](#), there was 'unanimous support to accelerate the savings and investment union' (SIU). [It was agreed](#) that the first phase of the SIU (market integration, supervision and securitisation) should be finalised by June 2026. If progress then were insufficient, enhanced cooperation would be considered. Irish Taoiseach Micheál Martin, whose country has reservations about centralising supervision, [also supported](#) this.

To finance strategic investments, France had again [proposed](#) EU joint borrowing. In [an interview](#) ahead of the retreat, Macron declared that the EU was facing a 'geopolitical and geo-economic state of emergency' and that urgent action was needed. Germany, however, [did not support](#) the suggestion, being traditionally against joint debt, as are northern 'frugal' Member States.

Next steps

At the [doorstep](#), De Wever underlined that it was essential for the European Council to have competitiveness on its agenda at all of its meetings and for the Commission to submit urgent proposals. Macron [stated](#) that it was imperative to act quickly, and 'if by June there is not enough progress, then the route of [enhanced cooperation](#)' in groups of at least nine Member States would be explored. President of Cyprus Nikos Christodoulides [described](#) the brainstorming as one of the most important European Councils, promising that key decisions to strengthen the EU economy would be taken under the Cyprus Presidency of the Council of the EU. 'In 2026, Europe will deliver', Costa stressed after the retreat, [stating](#) that the results of the brainstorming would be turned into concrete commitments and timelines at the European Council's meeting in March.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2026.

eprs@ep.europa.eu (contact)

eprs.in.ep.europa.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)