



**KEY MESSAGES**

**2026**  
**+**  
**REFORM  
BAROMETER**

**18 MONTHS AFTER  
DRAGHI: FROM  
DIAGNOSIS TO  
DELIVERY**

# INTRODUCTION

The BusinessEurope Reform Barometer provides a member-driven assessment of Europe's competitiveness, combining business sentiment with economic evidence to evaluate the conditions companies face on the ground.

Our March 2026 edition shows that while political ambition on competitiveness has increased, delivery remains too slow, leaving Europe's potential constrained by structural barriers that continue to suppress investment, productivity, growth and jobs.

This summary captures only the headline findings; the full Reform Barometer offers a deeper, data-rich assessment that we encourage you to explore.



## KEY TAKEAWAYS: THE CASE FOR ACTION

### **1. BUSINESSES SEE SOME IMPROVEMENT IN THE COMMISSION'S COMPETITIVENESS AGENDA, BUT EXPECTATIONS REMAIN CAUTIOUS.**

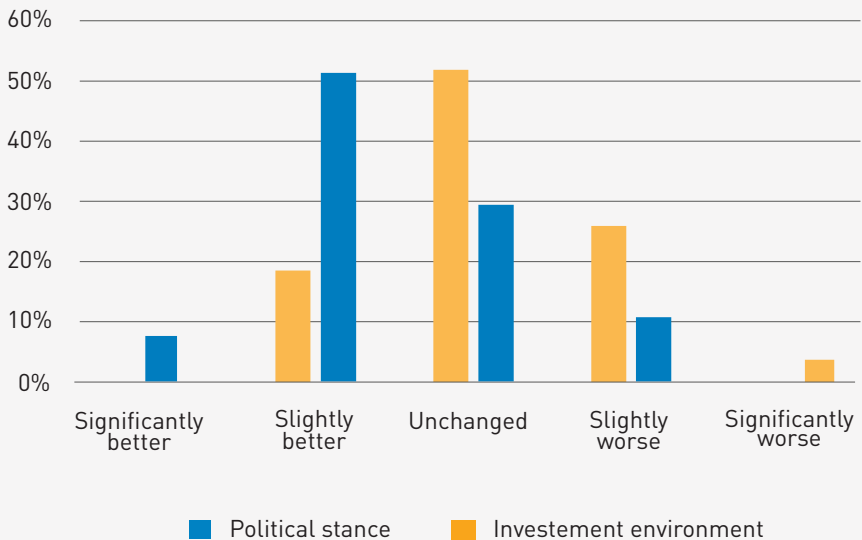
Almost 60% of member federations view the European Commission's competitiveness and growth agenda more favourably than a year ago, while one third see no change and 11% perceive slight deterioration. This signals an improvement in sentiment about policy intentions but confidence remains fragile and can only be sustained by delivering concrete measures that will be felt by companies on the ground.

## 2. THE EU INVESTMENT ENVIRONMENT REMAINS STAGNANT, WITH REGULATORY BURDEN, ENERGY COSTS, AND LABOUR SHORTAGES STILL THE MAIN OBSTACLES.

Only 19% of respondents report an improvement in the EU investment environment, while more than half see no change and roughly one third say conditions have worsened. Members consistently identify the same three barriers: regulatory complexity, high energy prices and labour availability. These remain the principal constraints on investment and show that policy announcements have not yet translated into improvements that businesses can feel on the ground.

CHART 1

Assessment of political stance VS investment environment (2026)

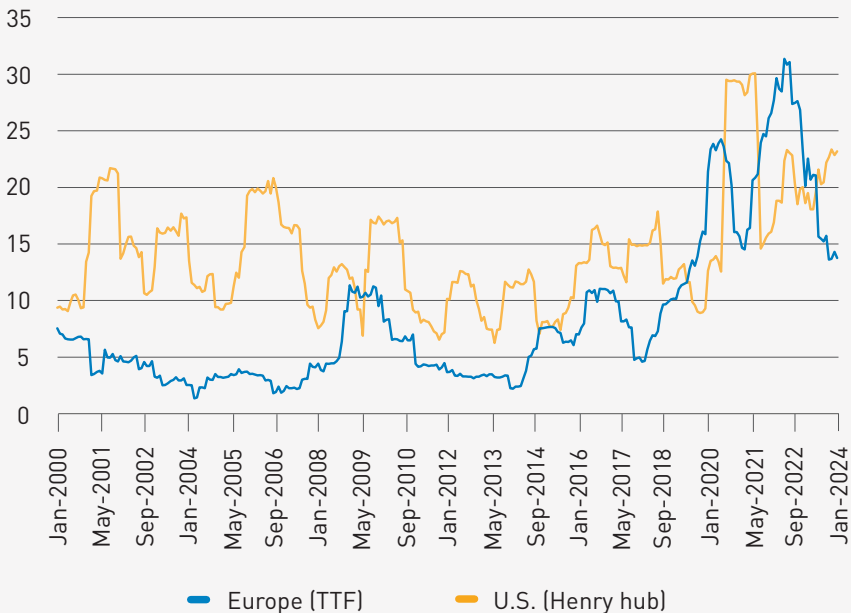


Source: based on responses by BusinessEurope’s members to the questions: “To what extent do you consider the European Commission’s overall policy stance supportive of competitiveness and growth compared to 12 months ago?” and “How do you think the EU investment environment is seen by global firms compared to 12 months ago?”

### 3. ENERGY PRICES VOLATILITY COMES ON TOP OF HIGHER ENERGY PRICES

EU firms continue to pay significantly more for energy than their global competitors. Industrial electricity prices reached €0.199/kWh in 2024, compared with €0.082 in China and €0.075 in the United States, and natural gas prices in major EU economies remain more than twice as high. This edition also shows that volatility has become a new pressure point. As liquefied natural gas (LNG) now accounts for almost half of EU gas imports, exposure to global price swings has increased sharply, in addition to greater intra-day mismatches caused by the growing EU reliance on renewable energy sources. Gas price volatility in the EU has risen to levels close to the United States for the first time, making planning and investment more difficult for European industry.

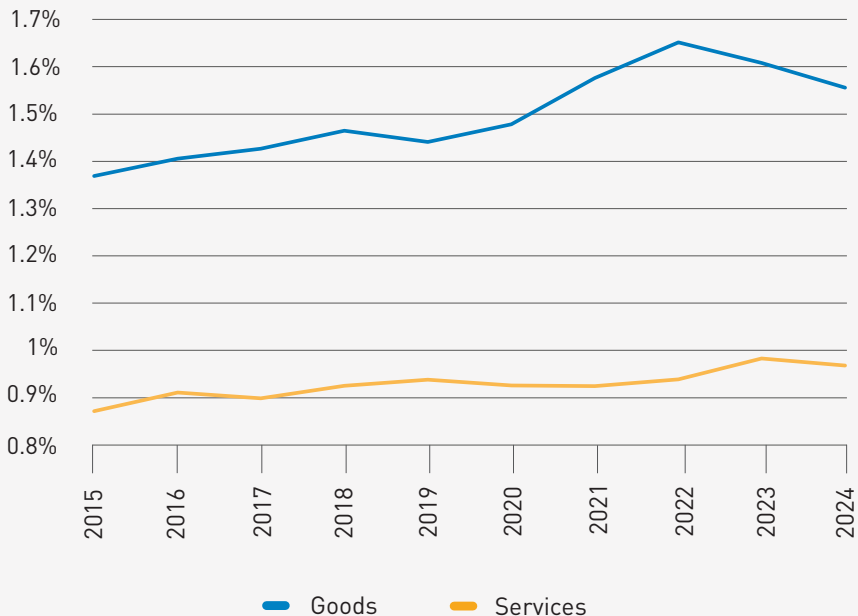
**CHART 2** Natural gas prices volatility (Henry hub vs TTF)



Source: Enrique Feás & Isidoro Tapia, Elcano Royal Institute. Source calculations based on World Bank data. Volatility measured as standard deviation of monthly logarithmic price changes using 12-month moving averages

#### 4. SINGLE MARKET: THE COMPETITIVENESS ENGINE RUNNING OUT OF STEAM?

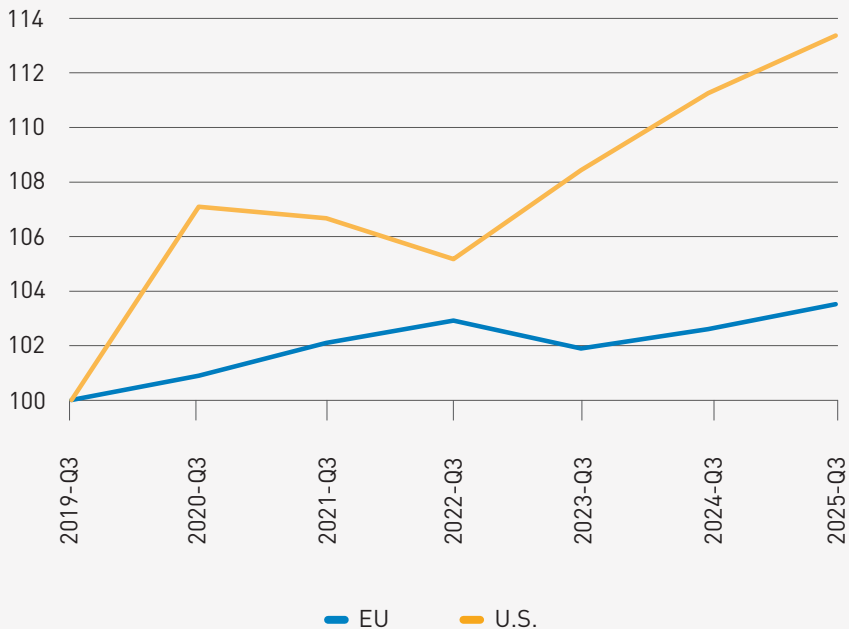
Members continue to face barriers that prevent companies from scaling across borders, adding to the wider investment challenges highlighted earlier in the Barometer. Divergent national rules, administrative requirements and inconsistent standards remain major obstacles. The data show declining intra-EU trade shares in both goods and services, alongside a sharp fall in the recognition of professional qualifications. These trends point to reduced mobility, growing fragmentation and a more protectionist environment. Such frictions limit firm growth and weaken Europe's ability to compete globally.

**CHART 3**
**Intra /extra EU trade (goods and services)**


Source: Eurostat [ds-045409] and Eurostat [bop\_its6\_det]

## 5. THE PRODUCTIVITY GAP SHOWS NO SIGNS OF NARROWING

Europe's productivity and innovation performance continues to lag global competitors, driven by underinvestment and slow technology diffusion. Members consistently highlight productivity and innovation as core competitiveness concerns, and this edition reinforces that labour availability, identified earlier as a structural constraint, is also weighing on Europe's capacity to raise productivity. The Barometer shows that EU labour productivity remains around 80% of U.S. levels, with the gap widening due to weaker digital adoption, slower innovation diffusion and chronic underinvestment in R&D, particularly from the private sector. U.S. total R&D spending is more than double that of the EU, and China's growth rate has outpaced both, undermining Europe's ability to generate quality jobs.

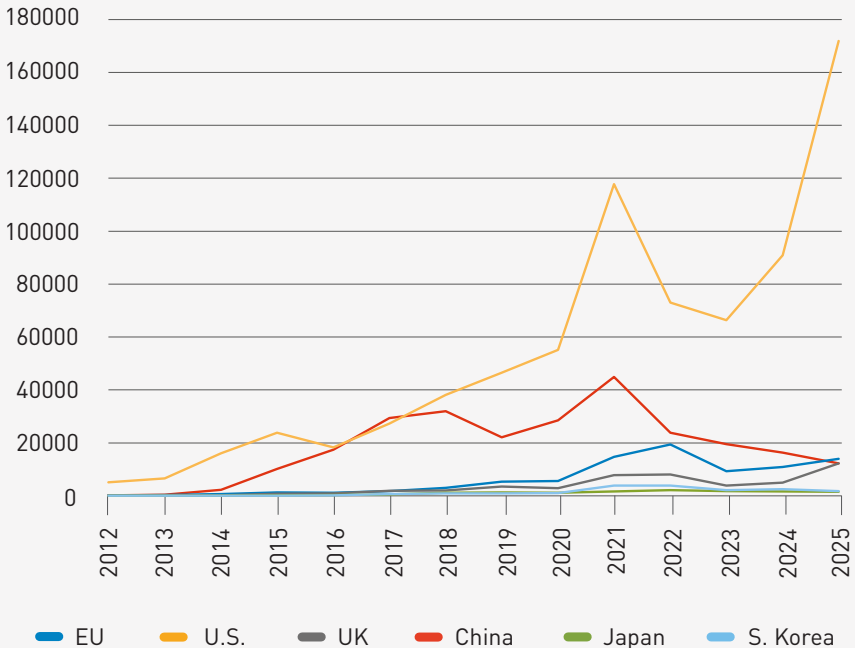
**CHART 4**
**Labour productivity per hour worked, growth rate  
(index, 2019 Q3=100)**


Source: Eurostat namq\_10\_lp\_ulc, US Bureau of Labour Statistics

## 6. ACCESS TO FINANCE IS A STRUCTURAL BARRIER, REINFORCING THE NEED TO COMPLETE THE SAVINGS AND INVESTMENT UNION

The US invests almost twelve times more in AI than the EU. Such underperformance will worsen the EU’s already large competitiveness gap in relation to other regions of the world. Huge market size is needed to be able to invest in AI. The Barometer shows that Europe’s limited effective market size hinders firms’ ability to scale up and invest in massive innovation projects -including on innovation, and that limited reliance on equity results in lower intangible investments such as AI. It highlights that young firms in Europe exhibit weaker dynamism and that the fragmentation of the Single Market puts EU companies at a disadvantage, making it more difficult to achieve economies of scale and be more productive and innovative. These structural constraints underline the need to strengthen access to finance and advance the Savings and Investment Union.

**CHART 5** VC investments in AI by country (€ millions)



Source: OECD

# KEY MESSAGES TO POLICY MAKERS, DIAGNOSIS TO DELIVERY

## 1. EUROPE'S COMPETITIVENESS ENGINE IS RUNNING OUT OF STEAM. WE SHOULD:

- ▶ Implement the Single Market Strategy with an ambitious roadmap and clear KPIs to 2028, starting with the removal of the 'terrible ten' barriers by the end of 2027.
- ▶ Deliver a 28th regime that effectively helps companies to establish, operate and grow more easily in the internal market and avoid them scaling elsewhere.

## 2. REGULATORY OVERLOAD IS UNDERMINING INVESTMENT. WE SHOULD:

- ▶ Urgently complete the announced Omnibus packages and add a continuous stream of additional burden reduction measures, taking into account the almost 140 concrete proposals outlined in BusinessEurope's Omnibook, to significantly reduce regulatory burden and compliance costs for companies.
- ▶ Swiftly accelerate industrial permitting procedures in a way that companies on the ground feel a difference, building on the proposed improvements in the Environmental Omnibus with regards to the environmental assessment.

## 3. ENERGY PRICES AND VOLATILITY ARE ERODING EUROPE'S INDUSTRIAL BASE. WE SHOULD:

- ▶ Reinforce targeted measures to reduce energy prices in the short term, while preserving the level playing field within the internal market. Improve the long-term contracting framework with instruments like Power Purchase Agreements (PPAs) and Contracts for Difference (CFDs).

- ▶ Boost the arsenal of carbon leakage measures by swiftly adopting an effective Carbon Border Adjustment Mechanism (CBAM) export solution, postponing the phase out of free allowances for CBAM sectors if the mechanism proves insufficient, and reconsidering the planned phase-out of free allowances for non-CBAM sectors in the upcoming Emissions Trading System (ETS) reform.

#### **4. LABOUR AVAILABILITY IS NOW A STRUCTURAL CONSTRAINT. WE SHOULD:**

- ▶ Introduce ambitious simplification measures in the upcoming Fair Labour Mobility Package, finalise the adoption of the eDeclaration and activate the fully functional EU talent pool to facilitate international recruitment in sectors where EU Member States experience shortages.
- ▶ Ensure that the upcoming Quality Jobs Act does not undermine simplification efforts of the European Commission by imposing unnecessary additional regulatory burden on employers.

#### **5. EUROPE MUST MOBILISE PRIVATE INVESTMENT AT SCALE. WE SHOULD:**

- ▶ Swiftly complete the Savings and Investment Union by implementing agreed measures that improve access to capital markets and facilitating private investments and the free flow of capital in the EU.
- ▶ Encourage investments by institutional investors in long-term risk capital by addressing barriers to equity investment, for instance through prudential rules.

# NOTES

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# BUSINESSEUROPE



**BusinessEurope** is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

 FEDERATION OF AUSTRIAN INDUSTRIES	 VBO FEB Federation of Enterprises in Belgium	 BULGARIAN INDUSTRIAL ASSOCIATION Union of the Bulgarian Business	 CEAA Croatian Employers' Association	 OEB Cyprus	 CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC
Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic
 CONFEDERATION OF DANISH EMPLOYERS	 Danish Industry	 EMPLOYERS ESTONIAN EMPLOYERS' CONFEDERATION	 Confédération of Finnish Industries	 Mouvement des Entreprises de France	 BDA DIE ARBEITGEBER
Denmark	Denmark	Estonia	Finland	France	Germany
 BDI	 SEV Hellenic Federation of Enterprises	 MAGYAR KÖZGAZDASÁGI SZAKSZERVEZETEK SZÖVETSEGE	 samtök atvinnulifins	 SI	 Ibec For Irish Business
Germany	Greece	Hungary	Iceland	Iceland	Ireland
 CONFINDUSTRIA	 LDDK EMPLOYERS' CONFEDERATION OF LATVIA	 Lithuanian Confederation of Industrialists	 FEDIL The Free Entrepreneurial Industry	 THE MALTA CHAMBER	 UNIJA POSLODAVACA CROATIAN EMPLOYERS' ASSOCIATION
Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
 NHO	 POLISH CONFEDERATION LEWIATAN	 CEP Confederation of Portuguese Business	 ANIS ASSOCIATION OF EMPLOYERS OF THE REPUBLIC OF SAN MARINO	 CONCORDIA GUVERNUL ROMÂNIEI DIRECȚIA NAȚIONALĂ DE DEZVOLTARE	 UNIJA POSLODAVACA SERBIAN ASSOCIATION OF EMPLOYERS
Norway	Poland	Portugal	Rep. of San Marino	Romania	Serbia
 REPUBLIKA SLOVENSKA RUZ ROZVOJNÝ ÚSTREDNÝ ZÁSTUPNÍK PRÁCEJASOVIETU	 ZDS ASSOCIATION OF EMPLOYERS OF SLOVENIA	 CEOE Empresas Españolas	 SVENSKT NÄRINGSLIV SWEDISH ENTERPRISE	 economieuisse	 Die Arbeitgeber Les Employeurs Gli Imprenditori
Slovak Republic	Slovenia	Spain	Sweden	Switzerland	Switzerland
 VNO NCW	 TISK ASSOCIATION OF EMPLOYERS OF TURKEY	 TUSIAD	 FEDERATION OF EMPLOYERS OF UKRAINE	 SUP Union of Ukrainian Entrepreneurs	 CBI
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