

**Follow-up, adopted on 6 March 2026, to the European Parliament
non-legislative resolution on the institutional aspects of the
Report on the future of European Competitiveness (Draghi
Report)**

- 1. Rapporteur:** Brando BENIFEI (S&D / IT)
- 2. References:** 2025/2013(INI) / A10-0196/2025/ P10_TA(2025)0285
- 3. Date of adoption of the resolution:** 25 November 2025
- 4. Competent Parliamentary Committee:** Committee on Constitutional Affairs (AFCO)
- 5. Brief analysis/ assessment of the resolution and requests made in it:**

The Resolution supports the Draghi Report's assessment that the Union faces a structural competitiveness challenge, requiring a strengthened governance framework, more effective decision-making, and a set of targeted sectoral reforms. In this context, it welcomes the Commission's Competitiveness Compass and recognises its role in identifying strategic priorities, while stressing that regulatory efficiency must be complemented by stronger institutional capacity to ensure coherent and timely EU action.

On institutional reforms, Parliament calls for a more efficient decision-making system, including broader use of qualified majority voting and the ordinary legislative procedure, supported by passerelle clauses and, where necessary, enhanced cooperation under Article 20 TEU. It reiterates its demand for full legislative right of initiative, a modernised right of inquiry, and clearer procedures for the application of Article 122 TFEU. Parliament urges the European Council to follow up on its proposals for treaty reform, including the possible convening of a Convention under Article 48 TEU or targeted amendments under Article 48(6), and calls on the Council and the Commission to advance the implementation of the conclusions of the Conference on the Future of Europe.

On sectoral reforms, the Resolution calls for the completion and deepening of the single market, including through the establishment of a new Savings and Investments Union. It supports the introduction of a fifth freedom of knowledge and stresses that competitiveness must be grounded in economic, social and territorial cohesion, social rights, and equal opportunities, including through the 'freedom to stay'. Parliament also calls for a more efficient and simplified EU budget, supported by new own resources. In the field of security and defence, it advocates the development of a genuine European Defence Union based on coordinated investment, common procurement, and a single market for defence products, and calls on the European Council to activate Article 42(2) TEU

to establish a common Union defence policy. Finally, the Resolution highlights the need to accelerate Europe's digital and AI transformation and calls on the Commission to strengthen the role of the European AI Office.

6. Response to requests and overview of actions taken, or intended to be taken, by the Commission:

The Commission welcomes the Resolution of the European Parliament on the institutional aspects of the Report on the future of European Competitiveness (Draghi Report).

It notes the Parliament's observations and recommendations on the **Competitiveness Compass** and the Competitiveness Coordination Tool. The Competitiveness Compass, presented in January 2025, was the first major initiative of this Commission mandate aimed at implementing the key findings of the Draghi Report. The objective of the Competitiveness Compass is to set a path for Europe to regain competitiveness and secure sustainable prosperity. It includes targeted actions to tackle the concerns addressed in the Resolution, alongside wider and systemic initiatives to close the innovation gap, decarbonise our economy, and reduce our dependencies.

The Competitiveness Compass announced a new **Competitiveness Coordination Tool** to align industrial, research and innovation policies and investments at EU and national level, while crowding-in funding from financial institutions and private investors. The Commission is working to make the Competitiveness Coordination Tool a concrete new working method, building on existing instruments but with a clear focus on projects to increase European competitiveness.

The Parliament's recognition of the importance of regulatory efficiency as a driver for innovation, investment attraction, and sustainable growth aligns closely with the Commission's priorities. In particular, the Commission has **put forward in 2025 ten Omnibus proposals for simplification**, alongside other simplification proposals. The omnibus packages would save around EUR 12 billion of administrative costs. Three substantial proposals have been already adopted by co-legislators, bringing significant relief to citizens and businesses. In the Commission's 2026 Work Programme more than half of the legislative proposals have a simplification dimension (including Omnibus proposals covering taxation, energy product legislation and citizens).

The Commission furthermore welcomes the Parliament's support for introducing tools to **assess the impact of new proposals on small and medium-sized enterprises** and overall competitiveness. Regular monitoring and the promotion of digital solutions to streamline administrative procedures are essential components of this framework.

To address critical structural issues like **labour and skill shortages**, the Commission is committed to continue developing policies and strategies to bolster the EU's workforce capabilities, implementing the Union of Skills

strategy adopted in March 2025 and the recently presented Quality Jobs Roadmap.

The Commission welcomes the Parliament's call for greater efficiency in decision-making, including by **moving to qualified majority voting** in key policy fields. It recalls the Commission's longstanding position that unanimity voting no longer makes sense in certain – but key – policy areas if the Union wants to play quickly, efficiently, and therefore strategically its role. In that regard, the Commission supports the activation of '**passerelle clauses**' in the Treaties, allowing for a shift from unanimity to qualified majority voting within the Council in key areas. It recalls that to be activated, these clauses require a unanimous decision either from the Council of the European Union or the European Council. In 2018 and 2019, the Commission made concrete proposals to that effect in the areas of foreign policy, tax policy, social policy, energy and climate policy, but these have not been taken forward.

Regarding the **Parliament's call for amendments to the Treaties**, the Commission notes that the Parliament's Resolution from 22 November 2023 on proposals of the European Parliament for the amendment of the Treaties has triggered the treaty revision process in Article 48 of the Treaty on European Union (TEU) and it is now for the European Council to decide on the next steps. The Commission is ready to fully play its institutional role in the procedure set out in Article 48, and in particular to give its opinion if and when consulted by the European Council.

The Commission is aware of the call of the Parliament for a full **right of legislative initiative**. In her Political Guidelines for 2024-2029, President von der Leyen recalled her pledge from her 2019 Political Guidelines to give the Parliament a stronger role in initiating and shaping legislation. Recalling that the Commission delivered on that commitment by responding to Parliament's resolutions under Article 225 of the Treaty on the Functioning of the European Union (TFEU) with legislative proposals in full respect of proportionality, subsidiarity and better law-making principles, President von der Leyen stressed that the Commission would strengthen its cooperation on Article 225 by asking Commissioners to take part in structured dialogues with Parliamentary committees on these resolutions. When it comes to the Resolution's call for a more generalised direct right of initiative of the Parliament, the Commission recalls that such a broader right would require Treaty change.

The Commission agrees on the importance of ensuring synergies between current initiatives to **strengthen the EU competitiveness and deepening the single market and cohesion policies**. To this end, the Clean Industrial Deal provides a comprehensive growth strategy for a competitive, resilient, decarbonised industry in the Union, offering opportunities for investors and contributing to economic, social and territorial cohesion and a balanced, future-proofed development across all regions and cities. The initiatives it proposes, for instance in the areas of energy intensive industries, clean technologies and raw materials, could benefit in particular, despite not being exclusively reserved to them, less developed regions of the EU, thus contributing to territorial cohesion and

to a just transition for workers across the Union. For example, the Clean Industrial Deal State Aid Framework ensures higher aid intensity for assisted areas. Furthermore, specific initiatives are dedicated to the promotion of skills and quality jobs to make sure that industrial transformation benefits workers, thus contributing to social cohesion. The new State aid framework also encourages Member States to attach conditions to address social and environmental policy objectives to national State aid, in consultation with social partners. The ongoing efforts to deepen the Single Market are expected to offer European citizens economic and social benefits, widening opportunities for consumers and workers, for instance through the recognition of professional qualifications and the removal of vertical territorial restrictions. The ongoing simplification of public procurement rules will also facilitate purchasing decisions for local authorities. Finally, initiatives such as the Interregional Innovation Investments (I3) instrument help facilitate the setting up of EU-wide value chains to connect regional innovation ecosystems, including those in less developed regions.

The 20 principles of the **European Pillar of Social Rights** guide us to ensure that the working and living conditions of people in the EU are continuously improved. The Pillar will remain the compass on employment and social policies even in the context of new and emerging challenges, ensuring that social considerations are mainstreamed throughout Commission initiatives. The full and effective implementation and enforcement of the 2021 Action Plan remains imperative.

Within the EU decision-making process, the assessment of employment and social impacts is a mandatory part of impact assessments¹. The Commission agrees that delivering on the principles and objectives of the European Pillar of Social Rights requires effective governance tools. To this end, the Commission has taken continuous steps to strengthen the social dimension of the European Semester by integrating the Pillar principles and the accompanying Social Scoreboard into the policy coordination framework. The 2021 European Pillar of Social Rights Action Plan further reinforced the role of the European Semester as the key tool for monitoring and implementing the Pillar, including by proposing new 2030 headline targets on employment, skills and poverty reduction, and a revised Social Scoreboard. In addition, the reformed EU economic governance framework provides for a more integrated approach to policy coordination and surveillance across fiscal, macroeconomic, employment and social policies. Following its entry into force in 2024, the new medium-term fiscal-structural plans submitted by Member States set out priority reform and investment commitments guided by common EU priorities, including the implementation of the European Pillar of Social Rights.

The monitoring of the implementation of these reform and investment commitments is fully embedded in the annual cycle of economic, fiscal, employment and social policy coordination within the EU. Furthermore, the analysis of risks and challenges to upward social convergence has

¹ [Better Regulation Toolbox, Chapter 3, Tool #30](#)

become an integral part of the integrated surveillance within the European Semester. The Social Convergence Framework is a key tool for delivering on the fundamental objective of upward social convergence embedded in the European Pillar of Social Rights.

Cohesion policy is an essential part of internal market integration, directly contributing to the growth and competitiveness of the EU. As underscored by the **Letta report**, the deepening of the Single Market needs to be accompanied by actions to ensure that all EU citizens, wherever they live, can both benefit from and contribute to a strengthened internal market. To support this endeavour, important resources are also invested from EU Cohesion policy funds into improving healthcare and long-term care, education and training, housing, just transition, connectivity and access to well-functioning transport systems. Cohesion policy also invests in territorial strategies fostering urban and rural linkages, new economic opportunities and access to services vital for people to work and live in all territories across the EU. Cohesion Policy complements its investment on people with investments that improve the competitiveness of EU regions and their firms, helping to bring to the internal market natural, built, and human resources that would otherwise be under-used or even lost. The diversity of competitive advantages offered by EU regions and territories is a source of resilience that contributes to the EU's strategic autonomy in a fast-changing world. Regional innovation strategies, like Smart Specialisation Strategies², can further help crystallise what those competitive advantages are and thus enhance the impact of investments supported by EU funding. A growing focus on national and sub-national reforms will even further enhance the impact of those investments by creating favourable conditions for the investments to make a difference.

Through its tailored and place-based approach, Cohesion Policy supports many elements of the **right to stay**, contributing to EU growth and employment, and promoting balanced territorial development of all regions regardless of size and location. Ensuring that all citizens have an effective right to stay in the place they call home is a priority. Translating this ambition, the Commission **proposal for the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034** identifies the right to stay as a key enabler to achieve the Fund's objective of supporting sustainable prosperity across all EU regions. Through the dedicated specific objective, the future National and Regional Partnership Plans will support the attractiveness of territories, including through strategies for the integrated development of urban and rural areas, access to territorial services and infrastructure.

In recent months, the Commission has actively addressed a wide range of EU-wide challenges to ensure that it continues to deliver more impactful, effective and simpler responses that resonate with the concerns of EU citizens and to maximise the impact of EU-financed investment on EU

² Smart specialisation strategies are strategic policy frameworks that focus a region's investments on its unique strengths and high-potential niches to drive innovation-led growth.

competitiveness and resilience. The mid-term review of Cohesion Policy provided a key opportunity to align resources with fast evolving EU needs by encouraging further investments in affordable and sustainable housing, among other priorities such as competitiveness, defence and civil preparedness, water resilience and energy security. To make use of this opportunity, most Member States submitted ambitious and targeted programme amendments to the Commission by the end of December 2025 to reallocate funds to these new priority areas, leveraging the position of Cohesion Policy as a strategic investment policy to anticipate structural change and underpin long-term transition. Moreover, recent Commission initiatives like the **Affordable Housing Plan** and the recently adopted **EU Agenda for Cities** demonstrate a commitment to increase dialogue with local authorities, consider their needs and help them tackle local challenges. This will foster infrastructure development, community building, job creation, and access to public services, thereby upholding the right for people to stay in their territories and directly contributing to the EU's economic development and competitiveness.

The Commission also plans to **develop a dedicated strategy on the right to stay**. The strategy will underline the key roles that Cohesion Policy can play in this context: first, as direct contributor to the growth, competitiveness and social cohesion of the EU; second, as the EU policy that pays particular attention to all territories including islands, mountain regions, sparsely populated areas, and the outermost regions through tailored interventions to their specific needs; third as the policy that works in close partnership with national, regional and local authorities and stakeholders.

The Commission recognises the need to tackle current geopolitical challenges by enhancing the EU and its Member States' defence readiness. Committed to **building a robust European Defence Union** that complements NATO, the Commission is strengthening its defence industrial policy to support Member States. This effort includes promoting cooperation through EU defence industrial instruments and advancing the creation of an EU-wide market for defence equipment.

To **boost European defence industrial investments**, the Commission has initiated programmes such as the Security Action for Europe (SAFE) and the European Defence Industry Programme (EDIP), now in implementation phase. Under the next Multiannual financial framework (MFF) 2028-2034, the European Competitiveness Fund proposal further underscores this high ambition with a significant budget (EUR 131 billion) for Defence Industry and Space — a fivefold increase from the current MFF. Instruments like the **European Defence Projects of Common Interest** are designed to support Member States in large-scale capability projects that require significant and coordinated investments, going beyond their individual capacities. These initiatives are crucial to addressing critical, emerging needs and threats in the current geopolitical environment and consolidating European defence activities.

The Commission recognises the importance of **embedding these efforts within a broader security concept** and is dedicated to ensuring

consistency and complementarity across various instruments, including at the governance level, in line with the institutional competencies and responsibilities outlined in the Treaties.

Additionally, steps are being taken to establish an **EU-wide market for defence equipment**, as recommended by the Draghi, Letta, and Niinistö reports — a goal reflected in President von der Leyen's Political Guidelines. In 2026, the Commission plans to present a Communication on the Defence Single Market, including proposals to revise the Defence Procurement Directive with a view to streamlining defence procurements, incentivising joint procurement of defence products and services, including buying more European. The Commission will also advance its work on a Security of Supply regime introduced under the European Defence Industry Programme.

Finally, the Commission welcomes the call on the European Council to reinforce the institutional defence readiness, which would allow for greater defence integration and represent a decisive step towards a genuine European Defence Union.

Following the request of the European Council, an Annual Defence Readiness Report will enable Member States to monitor progress in achieving defence readiness by 2030. The Commission also refers to the Joint Communication of 16 October 2025 on the **Defence Readiness Roadmap 2030**³, which sets out clear objectives and milestones to achieve defence readiness by 2030.

The Commission remains committed to advancing the **European approach to Artificial Intelligence**, which is grounded in transparency, the protection of fundamental rights and the safeguarding of the public interest. In this context, reinforcing the **European AI Office** and centralising the oversight of AI systems built on general-purpose AI models, will reduce governance fragmentation and further support the consistent implementation and effective governance of the AI Act, while promoting the development and deployment of AI solutions that benefit society and the economy.

The **AI Continent Action Plan** constitutes the strategic framework for establishing an ecosystem of excellence in the European Union and become a true AI continent. Central to this ambition is the deployment of 19 AI Factories and their associated AI Factory Antennas. Furthermore, by leveraging public-private partnerships, the Commission will facilitate the development of up to five AI Gigafactories. These large-scale infrastructures are designed to provide the requisite computing power to train and deploy world-leading frontier AI models.

Building on the AI Continent Action Plan, the Commission has adopted the **Apply AI Strategy**, which aims to accelerate the uptake of AI across key industrial and public sectors, with particular attention to the needs of

³ https://defence-industry-space.ec.europa.eu/document/download/9db42c04-15c2-42e1-8364-60afb0073e68_en?filename=Joint-Communication%20_Defence-Readiness-Roadmap-2030.pdf

small and medium-sized enterprises. This sector-focused approach reflects the recommendations of the Draghi report, notably the call to integrate AI vertically into European industry in order to unlock productivity gains, strengthen competitiveness and support sustainable growth. Through enhanced cooperation between public and private actors, the Commission seeks to foster an AI ecosystem that combines excellence, trust and broad-based adoption across the European economy.