



EU Policy Outlook 2026

As geopolitical uncertainties multiply, 2026 promises to be a pivotal year for European policymaking. This is clearly reflected in statements by the EU institutions, with the European Commission calling the coming year “Europe’s Independence Moment” while Cyprus has taken on the slogan “An Autonomous Union. Open to the World” for its Presidency of the Council of the EU. Navigating these growing challenges will require security in multiple forms, and to achieve this the Commission, Council, and European Parliament will strive to present new Acts and Packages, finalising negotiations and adopting regulation from 2025, and continuing the implementation of established Directives and Regulations. This brief, informed by the Commission’s [2026 Work Programme](#), the [Programme](#) of the Cyprus Presidency, and the three institutions’ [Joint Declaration on legislative priorities for 2026](#), outlines what key policy developments are on the horizon this year.

Competitiveness

Europe’s economic prosperity is a prerequisite for maintaining its strong global position and achieving its strategic goals, and this can only be achieved through the deepening of the Single Market and simplification of regulatory frameworks. To support European businesses, policymakers have highlighted the upcoming proposal for the **28th Regime for Innovative Companies** (Q1), as well as the implementation of the **Savings and Investments Union** proposals and the **Omnibus IV** package targeting SMEs and small mid-cap enterprises.

In the digital field, there is a clear need for strengthening the EU’s technological sovereignty, both by securing its supply chains from potential dependencies and by reinforcing Europe’s position as a leader in technological development. To this end, the **European Innovation Act** (Q1), **Cloud and AI Development Act** (Q1), **Quantum Act** (Q2), and the implementation of the **Digital Omnibus** will be in focus.

Finally, and more broadly, the adoption of the **Critical Medicines Act** and the **Automotive Package**, as well as the implementation of the **Chemical Products Omnibus**, are also listed as priority items for boosting the competitiveness of their respective sectors.

Security

In 2025, the EU presented a number of new initiatives for strengthening its defence preparedness, and as such, this year will focus largely on their implementation and the continuation of efforts to establish a Single Market for defence equipment. Priority files in this regard include launching two of the flagship projects presented in the Defence Readiness Roadmap 2030 – the **European Drone Defence Initiative** and the **Eastern Flank Watch** – in Q1, and implementing the **Defence Readiness Omnibus** and **Military Mobility Package**.

The institutions also lay out plans for securing Europe by non-military means. These include the continued support of Ukraine, particularly in the form of the **Qualitative Military Edge** programme planned to be introduced in Q1, more stringent border control through the implementation of the **Return Regulation**, and freeing Europe from energy dependencies by phasing out Russian gas and oil.

Energy and Sustainability

The expansion of the Energy sector will remain a priority area in 2026, as EU institutions consider this to be a necessity for eliminating dependencies while boosting prosperity in a sustainable manner. The adoption of the **European Grids Package** from 10 December 2025 will be key on this front, as will the presentation of the upcoming **Energy Union Package** in Q3 – which would target the development of CO2 infrastructure and establish frameworks for energy efficiency and renewable energy – and the **Omnibus package for simplifying Energy Product Legislation** (Q2). Additionally, as a further means to reinforce the European economy with means in line with achieving its decarbonisation goals, there will be particular emphasis on the **Circular Economy Act** (Q3) and its goals of increasing the demand and supply of circular products while reducing resource dependencies.

Strong Societies

The competitiveness of Europe's markets is contingent on the strength of its societies. In this regard, there are multiple relevant policy developments that will occur in 2026. First, to ensure that the needs of the labour market are adequately met, there will be the **Fair Labour Mobility Package** (Q3) and the **Quality Jobs Act** (Q4) introduced in the latter part of the year. Second, to address the housing crisis and growing concerns about costs of living while also creating new investment opportunities, the adoption of the **European Affordable Housing Plan** presented in December 2025 will be a priority. Finally, cohesion funding will continue to be promoted to guarantee the development of lagging regions so that they may take advantage of these opportunities to the same extent as more prosperous areas, with the Eastern border regions being highlighted as a particular focus area.

Foreign Policy

Policymakers will also focus on maintaining the EU's relationships with third countries while fostering its position as a leader in the global rules-based order. Four key areas are in focus here: first, though recent developments in the Arctic have called its status into question, the EU-US trade framework is intended to serve as a catalyst for new opportunities for European businesses to access the American markets. Second, strategic partnerships will provide the baseline for creating a network of free trade agreements across the globe, with particular opportunities being envisioned in the expansion of cross-regional connectivity into Central Asia. Third, military support for Ukraine is an essential element in protecting the EU from aggressions on its Eastern border, while the continued financing of its reconstruction will serve as an investment into what has the potential to be a prosperous market. Fourth, the advancements of Europe's enlargement agenda is a stated objective for all three of the institutions, with Montenegro, Albania, Ukraine, and Moldova's progress being the most promising candidates at this time.

Budget

Finally, this year will be a crucial period for the drafting of the **Multiannual Financial Framework 2028-2034** (MFF), as the Council and Parliament establish their positions and begin sectoral negotiations. As the trend of simplification continues – with a stated goal of reducing the long-term budget's makeup from 52 programmes to 16 – two elements will be of particular note to follow: the introduction of the new **National and Regional Partnership Plans** and the **European Competitiveness Fund**. The former seeks to bundle together funding intended for cohesion and developing regions, the Common Agricultural Policy, social objectives, migration, and more into packages handled on a national level, while the latter would serve as a €409 billion convening Horizon Europe, defence innovation, the digital transition, and more programmes into a single framework.

Conclusion

2026 promises to be a highly eventful year of reinforcing the EU's position as an autonomous player on the global stage, through the shoring up of its security, strengthening of international partnerships, and boosting its competitiveness. The Commission, Council, and Parliament have pledged to continue efforts to simplify burdensome legislation, while also striking a balance between working towards its decarbonisation goals and maintaining the high standards of its social market on the one hand, while also achieving economic prosperity on the other hand. Finally, the year will serve as a pivotal moment for shaping the EU's next long-term budget, the effects of which will define Europe's policy landscape well into the next decade. The European Enterprise Alliance will continue monitoring the presentation and implementation of these policy developments throughout the year, and will provide continuous updates on their progress and impact.