STATE OF EUROPE

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Jacques Delors Friends of Europe Foundation

REPORT

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The State of Europe

# Europe at a crossroads

## purpose, power and resolve



In partnership with





















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# About Friends of Europe

Friends of Europe is an independent European policy think tank that connects people, ideas and policy. We convene Europe's decision-makers, policymakers, business leaders, and civil society on the continent's defining challenges, foster evidence-based dialogue, and deliver policy recommendations that can inform European decision-making.

Our approach is built on three pillars: **Connect** Europe's leaders and stakeholders across sectors and borders; **Debate** the continent's defining challenges through rigorous, evidence-based dialogue; **Change** by translating ideas and shared priorities into actionable policy recommendations.

We operate across five priority areas: digital, governance and space; security and strategic resilience; innovative healthcare systems; clean energy and natural resources; and Europe's global role. Through a targeted range of activities, including summits, working groups, citizen panels, and analysis, we create spaces where competing interests and different perspectives find common ground and new solutions emerge.

We deliver our recommendations through high-quality policy papers, reports, podcasts, sustained engagement and outreach to policymakers across Europe. Our annual **State of Europe** event convenes 200+ leaders from across politics, business, and society to set the European agenda. The **European Young Leaders programme** builds networks of exceptional thinkers and doers across the continent. And our citizen insights through the **Debating Europe** programme directly inform policy with the voices of citizens across Europe.

As co-founder of the Jacques Delors Friends of Europe (JDFoE) Foundation, we partner with the Jacques Delors Institutes and others to advance the EU Single Market through the “One Europe. One Market” campaign, translating policy expertise into tangible economic and social outcomes.

**We deliver impact through independence**. We represent no national government, political party, or commercial interest. This gives our analysis credibility with all sides and makes our recommendations actionable across the political spectrum.

Our Board of Trustees brings together (former) presidents, prime ministers, European commissioners, and leaders across sectors. Our networks run deep into member states through experts, fellows, and stakeholders. This combination of analytical rigor and political access positions us to identify emerging challenges early, test solutions with decision-makers, and translate consensus into policy impact.

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# About the Jacques Delors Friends of Europe Foundation

The **Jacques Delors Friends of Europe Foundation (JDFoE)** is a pan-European independent think tank, advocacy organisation and communications platform bringing together expertise, ideas and leadership to advance a stronger, more united and more resilient Europe.

Building on the legacy and networks of the Jacques Delors Institutes in Paris, Brussels and Berlin and Friends of Europe, the Foundation, launched at State of Europe 2025, brings together Europe's brightest minds, boldest leaders and most engaged citizens to address Europe's pressing challenges and help shape practical solutions for the future of our continent.

The Foundation focuses on strengthening Europe's capacity to act and deliver in key areas including prosperity, security and resilience, democracy, sustainability and Europe's role in the world.

One of the Foundation's key priorities is helping to complete the Single Market - Europe's safest and most powerful tool to strengthen its economy and sovereignty. The JDFoE Foundation is leading the One Europe One Market campaign, led by Board member Enrico Letta, to support the EU roadmap's ambition and timeline with expertise and practical guidance for political decisionmakers.

The Foundation has also launched a One Europe One Market Roadshow. The main objectives of this tour of European capitals are to bring national perspectives into the discussion on completing the Single Market and to build genuine support at the local level, both among business leaders and citizens.

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# Executive summary

The European project, created to chart a path to peace and prosperity in the aftermath of the Second World War, faces unprecedented challenges.

Russia is waging war in the east and is increasingly reverting to hybrid attacks on European Union nations; the United States is no longer a predictable ally; Europe's economy languishes in China's wake; internal forces threaten democracy; outpaced in the race to develop artificial intelligence (AI), the old continent risks becoming a digitally dependent backwater; and climate change remains a daunting threat.

Against this forbidding backdrop, the annual State of Europe high-level roundtable, organised by Friends of Europe and the Jacques Delors Friends of Europe Foundation, brought together over 200 policy leaders from politics, business and civil society to brainstorm on the responses needed right now to tackle those challenges.

Among the key messages from the day-long discussion was the imperative for Europe to spur the innovation required to generate growth and avoid falling further behind its rivals in an era of unprecedented technological change and global competition.

Urgent measures are necessary to convert the vast potential of Europe's savings into meaningful investment, complete the European Single Market to generate the scale required for the economy to compete globally, and develop digital infrastructure essential for a secure and autonomous economic future.

The energy transition and the fight against climate change cannot be allowed to drop down the political agenda, even as other pressing issues take centre stage.

Speakers offered insights into the institutional and policy changes Europe requires to close the gap between its ambitions and its ability to deliver, and to guarantee that it can build the resilience essential to underpin a competitive, innovative, influential and secure future.

The meeting heard how Europe must take primary responsibility for its own defence, investing in capabilities and innovation essential for keeping frontiers safe; building new partnerships and structures to deter military threats. Enhanced support for and closer collaboration with Ukraine is essential.

Momentum behind the process to bring in Ukraine, Moldova and Western Balkan nations into the EU must be maintained, as the EU reaches out for new partnerships with Canada, the United Kingdom and others. In uncertain times, Europe needs to rethink its relations with the likes of Brazil, India and the Middle East.

# Unleashing the trillions under Europe's mattress

There are no miracle solutions to turn around Europe's relative decline in the tech-driven world economy, but speakers made clear that action now can start to restore competitiveness, innovation and growth, while maintaining openness, generating jobs and maintaining an inclusive social model.

Key to success is unleashing the power of the European Union's Single Market of 452mn people, argued **Enrico Letta**, former Italian prime minister, President of the Jacques Delors Institute, author of the report on the Future of the Single Market and Dean of the IE School of Politics, Economics and Global Affairs at IE University.

Current capital market fragmentation in particular is restricting the private investment crucial to a European economic fightback.

"Europe is in a bad shape for a very simple reason: [...] fragmentation," Letta said, pointing to US dominance of capital markets. "They are one market, and we are 27 markets. The lack of scale is a consequence of that, so we are not able to have the capacity, the magnitude of the investments, that they have."

***"Europe is in a bad shape for a very simple reason: [...] fragmentation"***

**Enrico Letta**, former Italian prime minister, President of the Jacques Delors Institute, author of the report on the Future of the Single Market and Dean of the IE School of Politics, Economics and Global Affairs at IE University

Letta welcomed the European Commission's "One Europe, One Market" initiative containing packages of measures to boost competitiveness, notably the so-called 28th regime enabling companies to scale at an EU level instead of being forced to navigate 27 national legislative systems; creation of a Savings and Investment Union; and an Energy Union to break national barriers to EU-wide grid.



Enrico Letta

As those measures pass through the EU legislative machinery, Letta warned "if we fail now, there is not another chance."

Those Single Market measures must also serve as a catalyst to transform trillions of euros locked in inert savings vaults into productive investments.

"There is this money in Europe. The problem is that we are not able to transfer the savings into the real economy," explained **Gelsomina Vigliotti**, Vice-President of the European Investment Bank (EIB). "What is necessary is that all the savings that we have in Europe are able to be connected with the real economy."

Freeing up European investment funding is the only way to prevent Europe from becoming completely dependent on US technology, cautioned **Cristina Caffarra**, Co-Founder and Chairperson of EuroStack.

"The money is here; we are sitting on it. What needs to be fluidified is this money," Caffarra asserted, noting that European pension funds and insurers hold €14tn in assets under management. "In Europe we have money. We know how to build funds. Why don't we build the funds and invest in our stuff?" she asked. "The demand is there. Move!"

Europe risks social upheaval unless economic decline is halted through the mobilisation of investment to spark growth, predicted **Jan Mischke**, Partner at the McKinsey Global Institute (MGI). "Only with growth can we have societal cohesion, it's impossible without," he said. With investment levels half that of the US and less than one-tenth of China, Europe's economy faces a 'near death experience' he warned. "This is a revolution that Europe needs. I think we have a toolkit of answers. We need faster reform; we need massive restructuring, we need to have an honest debate about rebalancing."

***"Only with growth can we have societal cohesion, it's impossible without"***

**Jan Mischke**, Partner at the McKinsey Global Institute (MGI)



Jan Mischke

**Luisa Ortega**, President of Coca-Cola Europe, backed calls for an end to market fragmentation within Europe, which leads to a heightened regulatory burden for business, increasing costs, holding back innovation and stymying investment. Government and business must act jointly to drive change fast.



Luisa Ortega

"We are a pivotal moment. It is the moment to unite; it is a moment to act with a very high sense of urgency, private and public sectors together," she said. "That's very, very important, because if we don't get it right now, the train is leaving the station."

***"We are a pivotal moment. It is the moment to unite; it is a moment to act with a very high sense of urgency, private and public sectors together"***

**Luisa Ortega**, President of Coca-Cola Europe

Europe also has to change laws and mentalities when it comes to bankruptcy, said **Kristjan Maruste**, Co-Founder and CEO of Ampler Bikes in Estonia and European Young Leader (EYL40).

"When somebody files for bankruptcy they are treated as a criminal. If you want to change the speed of building companies, you have to build a system where they can fail fast and restart."

**Thomas Leysen**, Chairman of Mediahuis, Umicore and DSM-Firmenich, and Member of the Governing Board of the Jacques Delors Friends of Europe Foundation, highlighted the necessity of European decision makers – particularly at the national level – to move up a gear to keep up with fast-moving China.

"Speed is something we really need to learn here in Europe. How can we, in a democratic society, increase speed of decision making?" he asked. "Difficult decisions don't get easier by procrastinating [...] permitting decisions in Europe take so long. It takes ages."

***"Speed is something we really need to learn here in Europe. How can we, in a democratic society, increase speed of decision making?"***

**Thomas Leysen**, Chairman of Mediahuis, Umicore and DSM-Firmenich

With several speakers expressing hope for a renewed UK-EU relationship, even an eventual 'Brentry' into the EU, **Dame Caroline Wilson**, Ambassador of the United Kingdom to the European Union, said London was aligned with the prerequisite of modernising and boosting competitiveness.

"We do support Europe's ambitions to strengthen its industrial base, to accelerate investment and to reduce strategic over-dependencies, and we are pursuing these objectives ourselves," she said. "Competitiveness is not national, it is European, pan-European [...] We don't strengthen competitiveness by creating new barriers between partners, we do it by scale, which is really what we need."


Thomas Leysen













1. **Oday Abu Karsh**, Co-founder and Director of The Palestinian Association for Empowerment and Local Development - REFORM

2. **Claudia Chwalisz**, Founder and CEO, DemocracyNext; **Terry Beech**, Member of the Canadian Parliament, North America Young Leader (EL40); **Nathalie Furrer**, Director, Friends of Europe

3. **Conner Rousseau**, Chairman, Vooruit Party

4. **Antoine Kasel**, Director for Labour Mobility and International Affairs, European Commission Directorate General for Employment Social Affairs and Inclusion (EMPL); **Kim Joergensen**, Head of Institutional Relations EMEA, Temasek International

5. **Dame Caroline Wilson DCMG**; **Jean van Wetter**, CEO, Belgian Development Agency (Enabel); **Will Church**, Director of Media Freedom Programmes, Thomson Reuters Foundation



# Stand-alone security

While recognising the crucial importance of economic reform, speakers noted that without security, Europe's hopes of recovery look tenuous. **Dharmendra Kanani**, Director of Policy & Programmes and Chief Spokesperson at Friends of Europe, suggested European leaders should adopt a 'war-room mentality' to confront the danger from Russia and other security challenges.

"We are currently in a covert situation of war, which is just below the threshold, and we witness it on a daily, weekly, monthly basis," he told the roundtable. "Having a conversation about the European future, talking about competition and power and its future (must understand) the vulnerability people feel right now."

The clear threat from Russia and doubts about the US commitment to NATO must drive a robust and unified European response, participants concluded.

"Our doctrines, including foreign policy and defence, our institutions and our decision making, which were created during peace time, are not fit anymore for today's situation," acknowledged **Andrius Kubilius**, European Commissioner for Defence and Space.

Europeans have to be prepared to take prime responsibility for the continent's defence, he said. "We shall really see much less of the Americans here on the European continent, not because they do not love us anymore, but because they need to shift to Indo-Pacific. So that's why [...] our goal is very clear: we need to do our utmost in order to be ready."

To that end, Kubilius backed calls for new defence structures that would include EU members along with players such as Ukraine, Canada and the United Kingdom.

***"We shall really see much less of the Americans here on the European continent. So that's why our goal is very clear: we need to do our utmost in order to be ready."***

**Andrius Kubilius**, European Commissioner for Defence and Space



Andrius Kubilius

Ukraine's Deputy Prime Minister for European and Euro-Atlantic Integration **Vsevolod Chentsov** urged closer cooperation between Ukraine and the EU to develop joint capabilities in areas such as ballistic missiles and air defence.

He pointed to Russian sabotage, disinformation, electoral interference, airspace violations and other efforts to destabilise European democracies. "This war is not a Ukrainian war; it is also Europe's war. We are talking about a second front, which is already open against Europe, which is a hybrid war," Chentsov told the meeting in a video link from Ukraine.

He called for tighter sanctions to prevent Russia from securing funding and spare parts for missiles and drones used in its campaign against civilian targets in Kyiv and other cities.

## *"This war is not a Ukrainian war; it is also Europe's war"*

**Vsevolod Chentsov**, Ukraine's Deputy Prime Minister for European and Euro-Atlantic Integration

**Hanna Liubakova**, Belarusian journalist in exile and 2026 Amnesty International Chair, added her warning that dictatorships who oppress their own people were also a menace to wider European security.

"Authoritarianism doesn't stop where it starts; it travels and it learns," she said. "The lines between domestic repression and European security became increasingly difficult to draw."

Liubakova urged European leaders to increase support for free media and civil society in Russia and Belarus, and to stand firm in the face of threats from Moscow and Minsk. "Every democracy that weakens makes authoritarianism looks more normal, and every democracy that is resisting makes authoritarianism to look less inevitable."

The commitment of allied governments to allocate at least 3.5% of gross domestic product (GDP) to core defence spending must be matched by a drive to ensure Europe's industry can produce the innovative kit essential to modern defence, said **Tarja Jaakkola**, NATO's Assistant Secretary General for Defence Industry, Innovation and Armaments.

"As an alliance, we need an industrial base which has the capacity and resilience to deliver at scale and at pace. We need an industrial base which is able to turn out innovation into capabilities at speed, and we need a transatlantic foundation that remains strong," she said. "We need also to work on the resilience of our defence industry. So, we need to be able to innovate quickly, and we need to be able to adapt quickly, and we need to be able to bring the innovation quickly to our war fighters, to our battlefield."

That robust defence stance must reach into space, argued **Josef Aschbacher**, Director General of the European Space Agency (ESA). Europe's space funding is only 15% defence related, compared to an average of 50% among competitors, he noted.

"In Europe now we have to change gear. We have to also open much more the defence community to space funding," Aschbacher said. In addition, Europe's space activities are weakened by fragmentation.

"Europe is enormously under threat, probably more that we have been for years [...] instead of uniting we are fragmenting," he lamented. "This is something that weakens us instead of making us stronger."













1. **Tarja Jaakkola**, Assistant Secretary General, Defence Industry, Innovation and Armaments, North Atlantic Treaty Organization (NATO)

2. **Andrea Rappagliosi**, Senior Vice-President Public Affairs EMEA, Canada and LATAM, Edwards Lifesciences; **Josef Aschbacher**, Director General, European Space Agency (ESA); **Gabor Iklody**, Senior Fellow, Friends of Europe, former assistant secretary general for emerging security challenges at the North Atlantic Treaty Organization (NATO)

3. **Hanna Liubakova**, Belarusian journalist in exile, 2026 Amnesty International Chair

4. **Štefan Füle**, former European Commissioner, Trustee of Friends of Europe; **Veronika Wand-Danielsson**, Swedish Ambassador in Germany, Trustee of Friends of Europe



# Generate, store, distribute

Given the current geostrategic threats, security has to be at the forefront of all policy choices for all government departments, insisted **Krzysztof Bolesta**, Polish Secretary of State for Climate Policy and Environment.


Krzysztof Bolesta

***"Investing in homegrown energy improves our independence, improves resilience and it's just good for you"***

**Krzysztof Bolesta,** Polish Secretary of State for Climate Policy and Environment

The security danger should be a catalyst for an energy transition, for example, that breaks over-reliance on fossil fuel supplies from hostile outsiders, without creating new dependencies on critical raw materials and imported technology.

"Ingraining the notion of security in policies is a no-brainer," Bolesta said. "Investing in homegrown energy improves our independence, improves resilience and it's just good for you [...] We should use the priority of security to spur different investments and different policies."

The nexus between security and the energy transition was also examined by **Gaia Vince**, award-winning science writer, journalist, broadcaster and author of 'Nomad Century'. "We are in an existential battle right now for democracy," she warned. "Fossil fuels finance the undemocratic forces threatening our societies, the local and the global inequalities that weaken us, and the environmental pollution and climate dangers."

She pointed to an alliance of fossil fuel interests, autocratic states and tech magnates that supports far-right populism in Europe, seeking to undermine the clean-energy transition and reverse efforts to control climate change.

Europe, Vince said, needs the courage to fight back and 'tip the balance of power from that small cabal of autocrats and fuel-funded tech billionaires back to us, the billions of people organising communities and nations and democratic societies.'

With demand for electricity driven up by the growth of data centres, robotics, e-mobility and need for cooling systems due to global warming, Europe faces a dilemma, noted Ulrike Sapiro, Managing Director of the Jacques Delors Friends of Europe Foundation.

"It is increasingly clear that more electricity will be needed [...] we have to manage an increase of electricity and electricity demand," she said.

"But by trying to move away from dependency for Europe on fossil energy sources we are getting ourselves into a paradox of a new dependency, that's even more costly and potentially strategically vulnerable, on critical raw materials and rare earths."

In response, Europe has to diversify supply lines, develop its own limited supplies of critical raw materials and ramp up its recycling capabilities to cut dependence on imports. Within the EU, greater investment is needed for electricity production, but also storage and, crucially, the cross-border grid connectors that can enable countries to share power quickly and cheaply.

**Bart Sap**, CEO of Umicore, noted that critical raw materials are crucial to producing the high levels of electricity essential to power critical industrial sectors from AI to defence and pharmaceuticals. Given the lack of homegrown materials, Europe must move forward fast with recycling, secure imports and innovation to optimise what's available. To make progress, he added, policymakers cannot backtrack on the clean-energy transition.



Bart Sap

***"We need to have CO2-free energy at a competitive price, because that is the start of our independence and competitiveness"***

**Bart Sap,** CEO of Umicore

"We need to have CO2-free energy at a competitive price, because that is the start of our independence and competitiveness," Sap asserted. "You only have your credibility once [...] if you put a legislation out there, stick to it. Don't yield to the lobby of powerful organisations, because otherwise, the next time you push out legislation, nobody will believe you."



Jessika Roswall

Recycling should be at the heart of the transition, said **Jessika Roswall**, European Commissioner for Environment, Water Resilience and a Competitive Circular Economy. She underscored the positive role that the Commission's Circular Economy Act can play way beyond its environmental impact.

"We really need to recover more value from our waste. Waste is not waste necessarily, it is a resource," Roswall explained. "Circularity is about reducing the dependencies and also securing energy security [...] This is really a win, win, win: a win for our European security resilience; it's a

***"Circularity is about reducing the dependencies and also securing energy security [...] This is really a win, win, win"***

**Jessika Roswall,** European Commissioner for Environment, Water Resilience and a Competitive Circular Economy

win for competitiveness – I'm certain that this will create new jobs; it will also be good for the planet and good for the environment."

To make it work, policymakers must stick to their convictions. "I am hopeful for the future, but we need more bold politicians. That includes myself."

Securing voter support is a prerequisite for a successful energy transition, speakers noted.

**Monica Frassoni**, President of the European Alliance to Save Energy (EUASE), former Member of the European Parliament, and Trustee of Friends of Europe, underscored the importance of pushing a positive message showing how cleaner, more efficient energy use is good for society and the economy.

"Access to a clean transition for European industry is something much more profitable than we think," she stated. "Most of the companies that are successful in reducing our energy needs are European today. This is something that is often underestimated."

As well as providing positive messaging on the benefits of cleaner, cheaper energy, policy setters should mobilise public opinion and forge unity by highlighting the transition as a bulwark against external 'enemies' seeking to undermine Europe's independence, contended **Eamon Ryan**, High Level Advocate for the Climate and Clean Air Coalition and former Irish Minister for Environment, Climate, Communications and Transport.

"Europe will never be competitive or be secure when we rely on burning other people's fossil fuels. It's a simple reality," he said. "We need to unite [...] to win the politics we need both an enemy, which we have on either side, and a unifying message around cleaner, cheaper power."


Eamon Ryan

***"Europe will never be competitive or be secure when we rely on burning other people's fossil fuels. It's a simple reality"***

**Eamon Ryan**, High Level Advocate for the Climate and Clean Air Coalition and former Irish Minister for Environment, Climate, Communications and Transport











1. **Katarina Wallin Bureau**, Vice President, Head of European Government Affairs, Microsoft
2. **Kristjan Maruste**, Co-Founder and CEO of Ampler Bikes OÜ, European Young Leader (EYL40)
3. **Lukas Alsys**, Minister of Culture of Lithuania
4. **Beatriz Corredor Sierra**, Chairwoman, Redeia, former Spanish minister
5. **Ulrike Sapiro**, Managing Director, Jacques Delors Friends of Europe Foundation; **Gaia Vince**, Journalist, broadcaster, author of "Nomad Century"

# The chips are down

The discussion made clear that the AI revolution is increasing the urgency of developing greater electricity potential across Europe.

"With artificial intelligence, there will be increasing demand and we should be ready," recalled Gelsomina Vigliotti, of the EIB. "To do investment, to grow more, we need a lot of energy [...] we have to generate renewable energy, we have to store it, and we need the grid to put all this energy into connections around the countries so the demand can be satisfied."

Unless it builds the infrastructure and frees up funding to reduce the tech gap which has opened up with the United States and China, Europe will face a future as a 'digital colony', warned Cristina Caffarra, of EuroStack.

***"With artificial intelligence, there will be increasing demand and we should be ready"***

**Gelsomina Vigliotti**, Vice-President of the European Investment Bank (EIB)

"We are in a situation of grave strategic dependency on a small number of non-European players for every single one of the components of the layers that make up the digital stack – from chips, to hardware, to software, to connectivity, to architecture, to controls," she explained. Unless that changes, Europe cannot hope to build investment, value capture or growth.

"We need to own as much as we can of that fundamental infrastructure," Caffarra concluded.


Gelsomina Vigliotti

One way forward could be for Europe's top tech players to pull together, emulating Europe's success in breaking US dominance of the civil aviation industry, suggested **Fritzi Köhler-Geib**, Member of the Executive Board of the Deutsche Bundesbank

"I would like to put the idea of an AI airbus on the table," she said. "To be able to compete [...] with large companies in other regions, it would be so helpful to basically bundle the capabilities that we have here."

Köhler-Geib said the political will that created Airbus in the 1970s, was 'inspiring' for AI today and fitted into a broader context of digital sovereignty given the interdependencies between AI and chips, cloud services, quantum computing and robotics.

**Philippe Notton**, Founder and CEO of SiPearl, outlined the challenges in producing chips

in Europe. He pointed to three areas where policymakers can help local companies compete

## *"Western Europe is becoming the Third World of tech"*

**Philippe Notton**, Founder and CEO of SiPearl


Philippe Notton

with US rivals: facilitating access to equity; local preference measures such as 'buy European' acts to protect against dumping by bigger foreign producers; and action to help European firms hang on to talented staff in the face of competition from big-spending American competitors.

"Western Europe is becoming the Third World of tech," Notton said pointing to wage levels in Europe that are three-to-four times cheaper than California. "Western Europe is becoming an incubator of US concepts [...] if it works you need to have them back to the US, this is very dangerous."

He urged Europe to adopt more pro-active immigration rules – seeking out talent and easing visa restrictions for skilled tech operators. "When you are trying to have immigrants in Europe with this level of skills, there are lots of challenges," he complained.

Besides nurturing homegrown talent and broadening education to ensure the spread of digital skills across society, Europe should take advantage of the Trump administration's restrictive immigration policies to attract global talent, maintained **Malcolm Byrne**, *Teachta Dála* (Member of the Irish Parliament), the Fianna Fáil party's Spokesperson on Further and Higher Education, Research, Innovation and Science, and EYL40.

"We really need to talk about talent, talent, talent; how Europe is going to be able to compete into the future," he said. "As the US is becoming a cold house for international research, Europe should lead on it."

**Lukas Alsys**, Lithuania's Minister of Culture, raised the issue of protecting the creative sector from negative AI impacts. He underscored the significance of protecting cultural heritage in troubled times, and warned that Russia is increasingly seeking to abuse AI to promote disinformation, undermine cultural identity and distort historical narratives.

"The cultural sector stands for resilience [...] We need to find the symbols that unite us," Alsys said. "What the hostile side is doing, they are taking our narratives and changing them constantly. They are trying to destroy us from the inside [...] we are not talking about Ukraine anymore, it's an attack on Europe."

Amid all the uncertainty, **Peter Ollén**, Member of the Swedish Parliament's Committee on Cultural Affairs, reminded participants of the benefits of AI, from advancing medicine, to streamlining public administration work. Lawmakers, he said, should not only think about the negative when drafting Europe's regulatory framework for new technologies. "One thing is sure: scared people make terrible legislation," he quipped.









1. **Malcolm Byrne**, Teachta Dála, European Young Leader (EYL40); **Jan-Willem van Putten**, Co-Founder of the School for Moral Ambition and Training for Good, European Young Leader (EYL40)

2. **Bernardo Correia**, Secretary of State for Digitalisation, Portugal; **Alex Petropoulos**, Chief of Staff, Arq Foundation

3. **Christian Kastrop**, President & CEO, Global Solutions Initiative, former German secretary of state; **Fritzi Köhler-Geib**, Member of the Executive Board, Deutsche Bundesbank

4. **Suzy Wild**, Chief Policy Officer, Arq Foundation

5. **Cristina Caffarra,** Co-Founder and Chairperson, EuroStack



# *Aux apps, citoyens !*

The AI revolution has reached a critical point, where Europe has to choose whether it governs the new technology or is governed by it, stated **Yolanda Díaz Pérez**, Vice President of the Government of Spain and Minister of Labour and Social Economy.

"Europe's future is at stake in these coming years. It has to decide what it wants to be," she said in a video message from Madrid. "Today, technology is not a technological issue, it is a question of power, it is a question of democracy and that power is in very few hands."

Díaz appealed for action to install a 'technological humanism' that curbs the power which tech giants have amassed over democratic institutions and citizens' lives.

"Competitivity and social justice are not opposing paths, they are the same commitment. If the benefits of this transition are not shared, we will lose the support of the citizens who must sustain it," she cautioned. "The question is not if we will have a digital revolution, the question is, who will lead it. Either democracy governs, or algorithms govern. Europe has to decide, and has to do it now!"



Yolanda Díaz Pérez

There are no quick fixes for Europe's problems, acknowledged **Carl Bildt**, Co-Chair of the European Council on Foreign Relations (ECFR), former Swedish Prime Minister, and Trustee of Friends of Europe. However, acting now to complete the European Single Market and free up capital for investment in research and development can bring real results at a time when AI development 'will reshape' most of the things under discussion' and 'compute is going to be as important for the future as coal or steel once were'.

"(There is), no short-term solution to anything of this, but there are long-term solutions. There are the things that we need to do, in order to improve our competitiveness, and those are not rocket science," Bildt said.

Public opinion will be crucial in deciding the shape of Europe's future, and it is vital to get citizens on board as Europe struggles to regain control over

***"The question is not if we will have a digital revolution, the question is, who will lead it. Either democracy governs, or algorithms govern. Europe has to decide, and has to do it now!"***

**Yolanda Díaz Pérez**, Vice President of the Government of Spain and Minister of Labour and Social Economy

its destiny, affirmed **Pascal Lamy**, Coordinator of the Jacques Delors Institutes, former Director-General of the World Trade Organisation, former European Commissioner and Trustee of Friends of Europe.

“We need to bring public opinion, the people, the public, on board,” he said. “I'm convinced that whatever [...] great ideas, innovative solutions we come with, we will need to get the support of people.”

**Olivier Blanchard**, former IMF Chief Economist and Robert M. Solow Professor Emeritus of Economics at MIT, looked ahead to a more optimistic future in which Europe could be strong and resilient both economically and militarily by 2050.


Olivier Blanchard

He examined the institutional changes required to equip Europe with a more flexible structure that lets it move forward without being blocked by outlier members, or extremist national governments.

*“We're going to face more episodes of anti-Europe populism, and I think we have to think of architecture that’s resilient to this”*

**Olivier Blanchard**, former IMF Chief Economist and Robert M. Solow Professor Emeritus of Economics at MIT

“When we talk about architecture, we have to decide what the core is that everybody agrees to, and then these more flexible structures, which allow us to make progress in various directions,” he said. “We're going to face more episodes of anti-Europe populism, and I think we have to think of architecture that’s resilient to this.”

**Sandrine Dixon-Declève**, Honorary President of the Club of Rome in Brussels and Executive Chair of Earth4All, agreed both on the imperative for institutional flexibility and the imperative of mustering public support behind change.

“Where is the innovation in terms of our governance structures in order to enable agility as we're actually facing the complexity of today's wicked problems?” she asked. “We need to bring people on the journey. The power also lies in ensuring that the transition is recognised by citizens as being better for them, for their lives and their livelihoods.”

*“The power also lies in ensuring that the transition is recognised by citizens as being better for them, for their lives and their livelihoods”*

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Sandrine Dixon-Declève

To counter the populist danger, **Claudia Chwalisz**, Founder and Chief Executive Officer of DemocracyNext, said political systems need an upgrade that gives the public a greater say in decision making. “We need to find ways that give people agency in shaping their lives,” she said. “There's an opportunity for Europe in this moment of crisis, to be building new kinds of democratic institutions for the future.”


Claudia Chwalisz

She suggested a greater role for assemblies made up of randomly selected citizens to provide oversight at regional, national and European level. A global citizens’ assembly could be set up to look at AI, with a legal mandate that obliges tech companies to respond to its recommendations.

***“There's an opportunity for Europe in this moment of crisis, to be building new kinds of democratic institutions for the future”***

**Claudia Chwalisz**, Founder and Chief Executive Officer of DemocracyNext

**Connor Rousseau**, Chairman of the Vooruit Party in Belgium, spoke on the necessity of balancing popular consultation against the urgency of implementing critical decisions, for example on energy transition. “If you tell me we need to bring in the citizens and we need to listen more to them, well, then I can guarantee you there will be no speed at all.”





1. **Monica Frassoni**, President of the European Alliance to Save Energy (EUASE), former Member of the European Parliament, and Trustee of Friends of Europe; **Patrizia Toia**, Senior Advisor for European Affairs, Fondazione Cariplo, former Italian minister of foreign affairs
2. **Frederik Ceulemans,** Brussels Alderman of Urban Renewal, Climate, Citizen Participation and Dutch-language Affairs
3. **Carl Bild**, Co-Chair of the European Council on Foreign Relations (ECFR), former Swedish Prime Minister, and Friends of Europe Trustee
4. **Shahin Vallée**, Senior Fellow, German Council on Foreign Relations (DGAP), European Young Leader (EYL40)
5. **Philippe de Backer**, Managing Director, Public Policy EMEA, KKR Global Institute, former Belgian minister







# Welcome to the jungle

One political process that has been gathering speed is EU enlargement, but despite new momentum, there are fears that popular opposition, magnified by populist political forces, may build roadblocks – with grave consequences for candidate countries and Europe as a whole.

Speakers at State of Europe underlined the positive enlargement message – arguing that bringing in Ukraine, Moldova and the Western Balkan candidates will boost security, stability and prosperity for the whole continent.

"We need to grow our economy. We need to grow, strengthen our power, and enlargement is one such instrument to be able to do that," stated **Oana-Silvia Țoiu**, Romanian Foreign Minister and EYL40.

***"We need to grow our economy. We need to grow, strengthen our power, and enlargement is one such instrument to be able to do that"***

**Oana-Silvia Țoiu**, Romanian Foreign Minister and EYL40

Ukraine's Deputy Prime Minister Vsevolod Chentsov stressed the security benefits of EU expansion. "Ukrainian membership in the EU, it's also about defence, it's also about EU security," he said. "Clarity that Ukraine and the other candidate countries will be in the EU is a very strong signal also to Russia that it has already failed on Ukraine, and Ukraine will be independent and European."


Oana-Silvia Țoiu

***"Ukrainian membership in the EU, it's also about defence, it's also about EU security"***

**Vsevolod Chentsov**, Ukraine's Deputy Prime Minister

Ministers from other candidate countries emphasised their country's commitment to the reinvigorated accession process. "For Albania, it's very, very clear; there is no plan B, there is only the EU accession negotiations," said **Megi Fino**, Albanian Deputy Minister for Europe and Foreign Affairs and EYL40.

**Mihai Popşoi**, Moldovan Deputy Prime Minister and Minister of Foreign Affairs, and EYL40, recalled how his country had repeatedly voted for a European future despite electoral interference from Russia.

"Now, we have a real chance, a real opportunity, and we are seizing this opportunity like dear life," he said. "Moldovan society is so captured by this goal, by this ambition, by this existential choice to be part of the European family of nations."

The prospect of membership is driving momentum for with social, political and economic benefits, that go beyond the requirements for membership, he added.

Enlargement is a win-win situation for incoming and existing members, affirmed **Frederik Ceulemans**, Alderman for Urban Renewal, Climate, Citizen Participation and Dutch-language Affairs at the City of Brussels.

"This is what we need. We need you guys into Europe, not only for what Europe can bring to the southern Balkan countries, but also what the southern Balkan countries can bring into Europe," he said.

The EU has to take care that it does not alienate citizens in candidate nations with further delays to enlargement, or restrictive measures that increase economic hardship, signalled **Aleksandar Nikoloski**, Deputy Prime Minister and Minister of Transport of North Macedonia, and EYL40.



"We, as politicians, are talking about big ideas, big processes, but people are facing daily problems," he said. "Today, the biggest problem for the entire economy of the Western Balkans, all countries, not only my country, is the fact that the truck drivers cannot deliver the goods to the European Union, with the introduction of the entry-exit system, the economy in the region might be destroyed."

Beyond its immediate neighbourhood, Europe cannot forget its role in the wider world. State of Europe 2026 opened with a series of informal roundtable discussions on Europe's relations with Canada, India and Brazil, as well as its role in the Israeli-Palestine conflict.

"What happens in Palestine does not stay in Palestine," said one representative from the region, pointing out the risk of contagious instability. "Europeans should rethink their nation security decision to prioritise stability, rather than prioritising Israel as a state that should not be accountable."

United Nations officials appealed for Europe to remain engaged with the wider world even as foreign policy and security demands close to home demand its attention.

***"Europeans should rethink their nation security decision to prioritise stability, rather than prioritising Israel as a state that should not be accountable"***

**Aleksandar Nikoloski**, Deputy Prime Minister and Minister of Transport of North Macedonia, and EYL40

**Åsa Regnér**, Deputy Director General of UNESCO, cautioned that some countries in Africa and elsewhere are concerned that the EU is disengaging from the UN.

"The EU has a very important role to play in the world. I think it's very important to uphold the values that are in the EU charter," she said. "The EU is also still one of the biggest donors in terms of solidarity and support to the rest of the world,

but I also feel that the EU needs the UN and it needs multilateralism."

***"The EU has a very important role to play in the world. I think it's very important to uphold the values that are in the EU charter"***

**Åsa Regnér**, Deputy Director General of UNESCO


Åsa Regnér

Europe must keep in mind that global challenges - from climate to health crises, or armed conflict, will impact upon it. That necessitates a continued engagement in the search for global solutions, contended **Jorge Moreira da Silva**, UN Under-Secretary-General, Executive Director of the UN Office for Project Services (UNOPS) and coordinator of the UN Strait of Hormuz Task Force.

"Interdependence matters," he told the conference. "So, I think it's very important to ensure that when Europe is having these discussions, that the international dimension is duly integrated."





1. **Sacha Courtial,** Associated researcher, EU-China relations, Notre Europe Jacques Delors Institute and Chief of Staff of Pascal Lamy; **Akash Ramnath**, Senior Europe Research Analyst, Foreign Commonwealth and Development Office (FCDO)

2. **Holy Ranaivozanany**, Deputy Executive Director, Africa-Europe Foundation (AEF); **Vidisha Mishra**, Director, Global Solutions Initiative (GSI)

3. **Jorge Moreira da Silva**, United Nations Under-Secretary-General, Executive Director of the United Nations Office for Project Services (UNOPS)

4. **Heiko Hesse**, Deputy Resident Representative to the EU, International Monetary Fund (IMF)

5. **Oana Țoiu**, Romanian Minister of Foreign Affairs, European Young Leader (EYL40); **Aleksandar Nikoloski**, Deputy Prime Minister and Minister of Transport, Republic of North Macedonia, European Young Leader (EYL40); **Megi Fino**, Deputy Minister for Europe and Foreign Affairs, Albania, European Young Leader (EYL40); **Mihai Popşoi**, Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Moldova, European Young Leader (EYL40); **Thu Nguyen**, Co-Director, Jacques Delors Centre, Germany








# Recommendations and conclusions

State of Europe 2026 generated tangible policy recommendations to help Europe face up to the challenges confronting it. Among the most relevant:

- Step up defence-tech cooperation between Ukraine and the rest of Europe to jointly develop key capacities, for example in ballistic missiles and air defence;
- Pursue proactive immigration policies to attract the best global talent to Europe, taking advantage of the Trump administration's crackdown on migrants;
- Train European AI models to counter disinformation;
- Build a single European market for waste to facilitate recycling, disposal, and cost-cutting;
- Expand the role of citizens' assemblies as a permanent 4th pillar for European democracy, and instigate a global assembly to provide oversight on AI;
- Create an Airbus for AI to bundle the capacities of Europe's most innovative companies, defend digital sovereignty and break US tech dominance;
- European civil servants should spend 20% of their time doing public service work to understand grassroots issues, problems facing entrepreneurs, citizens' concerns;
- Forge a new European security architecture that brings in the UK, Ukraine, Canada, Norway and others to bolster defence and deterrence as the US switches its attention elsewhere;
- Introduce 'buy European' measures to allow local companies to compete in home markets against US and Chinese rivals that exploit economies of scale to dump in Europe;
- Encourage greater defence investment in space assets to narrow the gap with the United States, China, Russia etc.;
- Increase support for independent civil society and free media in Belarus and Russia.

In conclusion, State of Europe had a clear message on the need for Europe to move fast to revitalise its economy before it is too late to catch up to the United States, China and other rivals.

For that, urgent measures are indispensable to complete the single market and transform Europe's dormant savings hoard into productive investment in tech, clean energy, defence, pharma, space and other key economic sectors.

Only then will Europe be able to break its dependence on imported fuel, raw materials and tech, laying the foundation for an effective, autonomous security architecture, and charting the way ahead for an economic revival.

Politicians must keep sight of the need to win public support for the transition, or risk defeat at the hands of populist insurgents.

# Gala Dinner



On the eve of the State of Europe high-level roundtable, Friends of Europe brought together distinguished guests from across Europe for its annual Gala Dinner, an evening dedicated to European unity, political leadership and the urgent need to turn ambition into action. The gathering also marked the first anniversary of the Jacques Delors Friends of Europe (JDFOE) Foundation, reaffirming its commitment to completing the European Single Market and strengthening Europe's economic and democratic foundations.

Opening the evening, **Geert Cami**, Co-Founder of Friends of Europe and Secretary-General of the Jacques Delors Friends of Europe Foundation, paid tribute to the late Étienne "Stevy" Davignon, founding President of Friends of Europe. Drawing on his legacy, Geert Cami called for a shift from recognising the urgency of Europe's challenges to taking concrete decisions and delivering results. He emphasised the importance of investing in democracy, strengthening collective action and overcoming the political and administrative barriers that continue to fragment the Single Market.













1. **Giuseppe Cavo Dragone**, Chair, North Atlantic Treaty Organization (NATO) Military Committee; **Oana Țoiu**, Romanian Minister of Foreign Affairs, European Young Leader (EYL40)

2. **Valérie Hayer,** President of Renew Europe Group, Member of the European Parliament; **Luisa Ortega**, President, Coca-Cola Europe

3. **Sandrine Dixson-Declève**, Honorary President, Club of Rome Brussels; **Hanna Liubakova**, Belarusian journalist in exile, 2026 Amnesty International Chair; Genoveva **Ruiz Calavera**, European Commission Director-General for Interpretation & Conference Organisation (DG SCIC); **Vidisha Mishra**, Director, Global Solutions Initiative (GSI); **Cecília Malan**, Foreign Correspondent, Rede Globo; **Karoly Pataki**, Chief Executive Officer, Gravitas Business Networking Strategy & Consulting; F**rancisco Jose Lopez**, Programme Manager, Friends of Europe; **Marie-Claude Mailleux**, Head of the Secretary General's Office, Friends of Europe; **Claudia Chwalisz**, Founder and CEO, DemocracyNext

4. **Disa Jironet**, Dutch National Prosecutor on Discrimination, European Young Leader (EYL40)

5. **Péter Pető**, Editor-In-Chief, 24.hu, Hungary, European Young Leader (EYL40)






**Enrico Letta**, President of the Jacques Delors Institute, former prime minister of Italy, and Member of the Governing Board of the Jacques Delors Friends of Europe Foundation

The evening also featured a series of short interventions introduced by **Disa Jironet**, Dutch public prosecutor and European Young Leader (EYL40), highlighting the interconnected challenges facing European societies. **Katia Tarasconi**, Mayor of Piacenza, stressed the importance of listening to different perspectives and delivering tangible solutions for citizens. **Carl Bildt**, former Prime Minister of Sweden, called for sustained European support for Ukraine, underlining the consequences of the war for Europe's collective security. **Péter Pető**, News Director of 24.hu, warned of the growing influence of global digital platforms on independent journalism and democratic debate, urging greater efforts to safeguard media freedom.

Closing the evening, **Enrico Letta**, former Prime Minister of Italy and Member of the Governing Board of the Jacques Delors Friends of Europe Foundation, reflected on the progress achieved since the launch of the Foundation and its “One Europe, One Market” campaign. He welcomed the joint roadmap agreed by the European Commission, Council and Parliament, setting out 42 measures with concrete deadlines to advance Single Market integration. Building on this momentum, Enrico Letta announced a series of events across European capitals to mobilise political leaders, businesses and citizens behind the JDFOE Foundation’s One Europe, One Market campaign.

Throughout the evening, a common message emerged: **Europe's future will depend on its determination to act collectively, deliver reforms and translate its ambitions into concrete results**.









1. **Katia Tarasconi**, Mayor, City of Piacenza
2. **Marc Angel,** Quaestor and Member of the European Parliament Committee on Employment and Social Affairs; Aik Yeow Heng, Ambassador, Mission of Singapore to the EU
3. **Matti Maasikas**, Managing Director for Europe and Central Asia, European External Action Service (EEAS) Eastern Europe and Central Asia (EURCA), former Deputy Minister for European Affairs of Estonia
4. **Traicho Traikov**, Mayor of Sredets, Bulgaria, former minister of economy, energy and tourism of Bulgaria
5. **Isabelle Durant,** President of Friends of Europe's Governing Board, Member of the Governing Board of the Jacques Delors Friends of Europe Foundation, former deputy secretary general of UNCTAD; **Pascal Lamy**, Co-Founder and Vice-President of the Jacques Delors Friends of Europe Foundation, former Director General of the World Trade Organisation, former European Commissioner; **Enrico Letta**, President of the Jacques Delors Institute, former prime minister of Italy, and Member of the Governing Board of the Jacques Delors Friends of Europe Foundation
6. **Michiel Sweers**, Director-general Foreign Economic Relations, Ministry of Foreign Affairs, The Netherlands; **Stanley Pignal**, Brussels Bureau Chief, The Economist





**Friends of Europe**

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Friends of Europe is a leading think tank that connects people, stimulates debate and triggers change to create a more inclusive, sustainable and forward-looking Europe.