

# EU urged to enact regulation 'big bang'

European Council head blames national capitals for economic inertia

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Europe needs a “big bang” moment in which EU capitals set aside national interests and finally tackle the regulatory inertia that has left the continent trailing the US and China, the president of the European Council has said.

As he prepared to chair a crucial EU summit on competitiveness yesterday, António Costa told the FT that Europe’s problems were as much down to the dead hand of national regulators as Brussels’ over-regulation.

“We need to give a new political impetus. We need to do in 2026 on competitiveness what we have done last year on defence,” the former Portuguese prime minister said, referring to agreements on increasing defence spending and pooling procurement.

Demanding a political openness to compromise that matches the ubiquitous pro-growth rhetoric, Costa made the case for cross-cutting reforms across the single market to slash red tape. “That could be a big bang in the internal market,” he said.

One example could be introducing a principle that companies only need to hand over data to an authority in Europe once, rather than in every member state where they operate, he said.

He urged leaders meeting in Belgium to stop the nitpicking by national capitals that has held up efforts to build an EU capital markets union or a truly integrated energy grid.

Costa said the EU must remain an “open market” and reject protectionism such as the French push for a ‘Buy European’ policy. But he acknowledged that measures would be needed to shield strategic industries.

His approach echoes concerns from other capitals including Berlin that a Buy European policy across all sectors would go too far. Such a policy “must be an exception and a last-resort measure”, a senior German official told the FT. “And it should best be on critical and strategic technologies, not entire sectors and for a limited period of time.”

Costa, who chairs and sets the agenda for EU leaders’ summits, said he would also urge the bloc to strike more trade deals, use retaliatory measures and review its competition rules “to allow our companies to scale up” in order to compete globally.

“We cannot be naive. If some global actors are challenging us with unfair competition, we need to react,” he added. “If others are using trade as a threat, as an instrument of coercion, we need to use our tools.”

One of the key parts of the effort to reignite growth in Europe was to speed up efforts to cut back onerous regulation, much of which has been spawned by the bloc's ambitious climate laws.

Many businesses have supported EU efforts to simplify despite being wary that ongoing changes to legislation are undermining investment signals.

"We don't need to pollute our society more with over-regulation to obtain our goals to reduce emissions," Costa said.

He was cautious about like-minded member states moving ahead with legislation in order to circumvent the veto of countries such as Hungary.