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FORUM

German-Italian Young Leaders Dialogue Spinelli Forum 2026

Final Report

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Introduction

The European Union is confronted with a range of complex and interrelated challenges that require coordinated European responses. These include adapting the European security architecture in light of Russia's ongoing war of aggression against Ukraine, strengthening the EU's economic competitiveness in an increasingly fragmented global economy, accelerating the green and digital transitions while ensuring the resilience of European energy systems, and addressing emerging technological and regulatory challenges associated with artificial intelligence. The interconnected nature of these developments underscores the growing importance of effective cooperation at the European level to safeguard and further advance the benefits of European integration. As two founding members and among the EU's largest and most economically influential Member States, Italy and Germany are particularly well placed to assume a joint leadership role in shaping common European responses and contributing to a more resilient, secure, competitive, and future-oriented European Union.

The German–Italian Young Leaders Dialogue – Spinelli Forum was established to advance these objectives by strengthening German–Italian cooperation at the European level. Launched in 2019 as a joint initiative of the German Federal Foreign Office and the Italian Ministry of Foreign Affairs and International Cooperation, the Forum seeks to build a lasting network of young German and Italian leaders while developing forward-looking and actionable policy recommendations. The political relevance of these objectives has been embedded in the German–Italian bilateral agenda since the adoption of the first German–Italian Action Plan in 2023 and was further reinforced through the updated German–Italian Plan of Action for Strategic Bilateral and EU Cooperation, signed in January 2026, which identifies the continuation of the Spinelli Forum as a joint bilateral priority.

In 2026, the sixth edition of the Spinelli Forum took place. For the third consecutive time, it was organised by the *Institut für Europäische Politik (IEP*) in cooperation with the *Istituto per gli Studi di Politica Internazionale (ISPI)*. 60 participants took part in the programme, including 30 participants from Germany and 30 from Italy. Participants represented a wide range of professional and educational backgrounds, including public administration, national and European political institutions, international organisations, civil society and non-governmental organisations, academia and research institutions, as well as the private sector.

The Forum consisted of three online workshops and a three-day in-person conference in Milan. The programme was further enriched through the participants' parallel participation in the NEXT Forum, jointly organised by ISPI, the OECD, and Bocconi University.

Participants joined one of four thematic working groups:

- Working Group 1: EU's Defence and Security Policy
- Working Group 2: EU's Trade and Economic Growth
- Working Group 3: EU's Energy Resilience
- Working Group 4: EU's Challenges in Artificial Intelligence

The process was structured along the Design Thinking Method, guiding participants from the initial exploration of policy problems to the development of concrete recommendations which they presented to the German and Italian foreign ministries.

Online Meetings and Final Conference

The virtual kick-off workshop on 20 March 2026 was opened by Antonio Villafranca, Vice President for Research at ISPI, and Daniel Hegedüs, Deputy Director of IEP. Following an introduction to the Forum, participants met their fellow working group members and facilitators. The kick-off meeting concluded with keynote speeches by Irene Eidemüller, Deputy Director of the Policy Planning Staff at the German Federal Foreign Office, and Lorenzo Molin, Second Secretary in the Policy Planning Unit at the Italian Ministry of Foreign Affairs and International Cooperation. Both speakers highlighted the urgency of developing forward-looking and innovative responses to Europe's current challenges and offered guidance on drafting effective policy recommendations.

The two subsequent online workshops, held on 27 March and 17 April 2026, enabled the working groups to identify challenges in their respective policy fields and develop potential answers to them. During the second workshop, participants brainstormed and clustered ideas to define and prioritise the key challenges facing their respective policy fields. The third workshop allowed participants to deepen their analysis of these issues, including identification of relevant stakeholders and the respective roles of Italy and Germany as well as brainstorming possible solutions and policy recommendations, which were later refined during the in-person conference in Milan.

The final in-person conference took place in Milan at ISPI's Headquarters in Palazzo Clerici from 3 to 6 May 2026. Throughout the workshop phases, participants engaged in a collaborative process aimed at developing actionable policy solutions based on their earlier analyses. Supported by brainstorming exercises, peer-review sessions, and exchanges with Spinelli alumni, the subgroups refined their ideas into a set of targeted recommendations. In total, the four working groups produced 12 policy recommendations.

On Tuesday, 5 May 2026, the working sessions were complemented by meetings with Gunther Krichbaum, Minister of State for Europe at the German Federal Foreign Office, who engaged in discussions with the participants, provided feedback and valuable insights into the German perspective on the policy issues.

Outside of the Spinelli Forum workshop sessions, participants attended sessions of the NEXT Forum at Bocconi University. Speakers included Ajay Banga, President of the World Bank Group, Lisa Monaco, President of Global Affairs at Microsoft, and Thomas Gomart, Director of the French Institute of International Relations (IFRI).

The third conference day focused on presenting and further refining the policy proposals. An interactive poster session enabled each subgroup to display and explain its proposals in an open and dynamic setting. Participants, facilitators, and alumni circulated between the posters, discussing the recommendations, posing questions, and offering constructive input. Incorporating this feedback, the groups finalised their proposals and presented their conclusions to senior policymakers: Susanne Welter, German Consul General in Milan, and Andrea Silvestri, Deputy Director General for European Countries at the Italian Ministry of Foreign Affairs and International Cooperation, providing constructive feedback on the presented proposals.

Alongside the participants' work, several alumni meetings and workshops took place. The alumni from previous editions of the Spinelli Forum were invited to Milan to continue working on an alumni strategy for a sustainable and productive network. Gunther Krichbaum, Minister of State for Europe at the German Federal Foreign Office discussed ideas and visions with the alumni in a separate meeting. Furthermore, the alumni joined selected working sessions to support current participants and share their experience from previous editions of the Forum.

The following document provides an overview of the Spinelli Forum 2026 and presents the policy recommendations developed throughout the programme. The report is based on discussions held during the online workshops and Final Conference, as well as on the documented outcomes captured in participants' posters and presentations. It aims not only to highlight the valuable results produced through extensive collaborative work but also serves as a reference point and inspiration for future editions of the Spinelli Forum.

Spinelli Strategy Sessions

As part of the 2026 Spinelli Forum, two Spinelli Strategy Sessions were held on 24 and 25 June 2026 to extend the Forum beyond the Final Conference. Building on the policy recommendations developed during the Final Conference in Milan in May 2026, the Strategy Sessions brought together Spinelli participants, alumni and policymakers from Germany and Italy, working on the respective policy areas for an open and in-depth exchange. The discussions provided an opportunity to assess the recommendations from a practitioner's perspective, explore their feasibility, and identify possible ways forward.

The sessions also offered policymakers fresh perspectives and innovative ideas developed by the next generation of European policy professionals. By encouraging dialogue between emerging experts and practitioners, the Strategy Sessions aimed to bridge the gap between ambitious proposals and policy realities.

Beyond the discussions themselves, the Strategy Sessions strengthened the Spinelli Forum as a platform for continued exchange and collaboration. They fostered new professional connections, created opportunities for future cooperation, and reinforced the growing Spinelli alumni network as a community committed to shaping European policy beyond the duration of the project.

Working Group I:
EU's Security and Defence Policy

Overview

Policy Recommendations

1. European Security Council (+)

Create a "European Security Council (+)" that allows willing Member States and selected like-minded third countries to coordinate more closely on security issues using qualified majority voting. The initiative aims to strengthen Europe's security architecture and improve decision-making, although differing political priorities and limited political will among EU states could complicate implementation.

2. Defence-Industrial Incentives Framework

Reduce fragmentation in the European defence market by introducing tiered financial incentives for cross-border defence-industrial cooperation, alongside stronger workshare protections and harmonised standards. The goal is to improve interoperability, increase production efficiency, and strengthen the competitiveness of the European defence sector, though challenges such as intellectual property concerns, national interests, and regulatory differences remain significant obstacles.

3. Municipal Preparedness Partnership (MPP)

Establish an Italo-German Municipal Preparedness Partnership to support local resilience and societal preparedness through cooperation between municipalities, civil society organisations, and local communities. By sharing best practices and promoting local preparedness initiatives, the framework aims to strengthen civilian security awareness and long-term societal resilience, while facing risks such as disinformation, low public participation, and political uncertainty.

European Security Council (+)

Integrating like-minded third countries into the EU's security structure

The European Union is facing acute security challenges, ranging from Russia's war of aggression against Ukraine at the EU's external borders to hybrid threats targeting Member States, including disinformation campaigns, cyberattacks, unidentified drones in Member States' airspace, and suspicious maritime activity. At the same time, Europe's primary security guarantor within NATO, the US, has increasingly signalled a strategic shift away from Europe, questioned elements of the alliance's role, and reduced its military presence in parts of the continent. In this context, cooperation with other like-minded partners is more important than ever. Yet, the EU still lacks sufficiently institutionalised mechanisms to efficiently integrate key third countries into the European security architecture, notably the UK, Canada, Ukraine, Taiwan, Japan and Turkey.

Policy Recommendation

Making use of Article 20 TEU, the mechanism of enhanced cooperation could provide the basis for the establishment of a "European Security Council (+)", through which willing EU Member States would deepen security cooperation with selected third-country partners. The proposed format aims to create a more structured and institutionalised framework for cooperation between the EU and key like-minded partners. To facilitate efficient decision-making, the initiative would operate based on qualified majority voting, while participation by third countries would be subject to a set of jointly agreed criteria based on normative aspects that could involve shared norms and values, respect for rule of law and democratic standards but also security measures. This could ensure that the members of the Council do not have ties to unfriendly powers.

Such a framework would strengthen the integration of strategic partners into the European security architecture and improve coordination on common security challenges. At the same time, several implementation challenges exist: While the use of enhanced cooperation and qualified majority voting would reduce the risk of individual vetoes obstructing progress, the initiative would still require the participation of a minimum number of EU Member States. Participants noted that differing political priorities and limited political will among Member States could pose obstacles to implementation.

As a possible next step, a discussion among German and Italian foreign and defence ministries could initiate further discussions on its feasibility and practical implementation. In this context, the establishment of an initial working group and the development of a white paper would serve as useful follow-up measures.

ScalEU

The EU's defence market is fragmented

European defence spending is rising, but the market stays fragmented. States still develop and buy nationally, increasing costs and limiting interoperability. Flagship cross-border programmes such as Eurofighter, MGCS, and FCAS show mixed results or stall on workshare disputes. SAFE and EDIP incentivise joint procurement, but they do not reward expanding a coalition beyond the minimum size required for qualification.

Policy Recommendation

ScalEU is not a new fund or institution. It is a progressive system of incentives, to guide the allocation of resources under the European Competitiveness Fund. The reward grows with the degree of cooperation, while accommodating justified national variants. The central move is the shift from a threshold to a gradient. There is no single qualifying line, and at every additional step, there is an incentive to go one step further. Thus, ScalEU paves the way for deeper, rather than minimal, cooperation.

How it works

Incentives increase along four dimensions: Breadth, i.e., the number of states engaging in joint procurement. Convergence, i.e., the degree to which Member States harmonise technical requirements, certification procedures, and procurement frameworks. Contractual volume, i.e., the aggregated quantities procured. Lifecycle depth, i.e., how much of the chain from R&D through production, sustainment, and upgrades is shared.

Where mission needs genuinely require it, states may retain national variants on a shared core baseline, with incentives attached to the core, so that the need for difference does not become a costless way to defect.

The financial rewards include VAT relief on cross-border transactions, preferential or blended EU funding, financial guarantees, and reduced loan rates. The non-financial rewards include fast-tracked common certification, priority access to shared test infrastructure, automatic listing in the European Military Sales Catalogue, and export-promotion backing.

Sharing the benefits

Cooperation only survives contact with procurement reality if all participants benefit individually. However, guaranteeing a return directly proportional to participation is the very habit that has made past European programmes inefficient. ScalEU adopts a hybrid model, sitting between pure commercial competition, where winners take all, and "juste retour", where returns are guaranteed in proportion to contribution: firms compete for the prime and lead-integration role, on top of a capped minimum work-share floor, with licensed production for non-winners. This model protects national jobs at limited efficiency losses and ensures that the benefits of the awarded contracts reach the entire value chain.

Anchoring and first movers

Successful joint procurement requires reaching sufficient scale to substantially lower costs. Cooperating only at a minimal scale, where the coordination effort exceeds the benefits, explains many past failures. Incentivising deeper cooperation, ScalEU ensures that joint procurement reaches the critical scale for success. With their political and industrial weight, Germany and Italy are the natural first movers: Using their January 2026 bilateral action plan and the Leonardo, Fincantieri, MBDA, and Rheinmetall footprint, they can prove the model on one or two flagship programmes.

Municipal Preparedness Partnership (MPP Programme)

A lack of civilian preparedness and crisis consciousness in an evolving threat landscape

In the event of an emergency caused by hybrid or direct warfare, populations must be able to support them-selves and others while maintaining resilience under disruption. Civilian preparedness is therefore a central element of overall societal security. Contemporary security threats increasingly blur the line between peace and conflict. Hybrid attacks, cyber operations, disinformation campaigns, and disruptions to critical infrastructure such as energy, transport, or healthcare can significantly affect civilian life without traditional military engagement. Prepared populations reduce pressure on emergency and security services in times of crisis, contribute to deterrence and to a faster recovery. While preparedness in the EU is becoming an increasingly important issue, significant gaps remain.

Policy Recommendation

The Municipal Preparedness Partnership would initially be founded by Germany and Italy, as the two countries already share a strong network of municipal and twin-town partnerships, including existing cooperation projects recognised through bilateral initiatives and presidency awards. Building on these networks, municipalities would be able to apply with projects contributing to societal preparedness and resilience, while drawing on existing civil society organisations and local partnerships.

As a first step, the respective Ministries of Foreign Affairs, in coordination with relevant other ministries such as Home Affairs ministries, would secure funding and establish the organisational framework for the initiative. An information letter and call for projects would then be drafted and distributed through existing municipal and diplomatic networks, with embassies involved in outreach and the selection process. A joint Italo-German committee would choose projects based on predetermined criteria, including balanced urban and rural representation, geographical distribution across north-south and east-west regions, and strong youth involvement.

Through these partnerships, municipalities could exchange best practices and develop local preparedness initiatives within a broader European framework. By leveraging the EU's Preparedness Union Strategy, the initiative would contribute to the development of stronger societal preparedness and civilian security consciousness. Following an initial bilateral phase, the policy could later be expanded to the EU level and further integrated into NATO structures and cooperation frameworks.

In the short term, the policy would raise public awareness of security and crisis preparedness while taking local realities into account. Through concrete implementation measures, such as information campaigns and local preparedness initiatives, citizens would become more empowered and better able to respond to emergencies independently and collectively. In the long term, the sharing of lessons learned and best practices would support broader participation and expansion at the EU level. This may contribute to a stronger civilian security consciousness and increased societal resilience against hybrid and conventional threats.

However, several risks and barriers remain. Disinformation campaigns could undermine public trust, while low levels of public interest or participation may limit effectiveness. Language barriers, particularly in cross-border cooperation between countries such as Germany and Italy, could complicate coordination and communication. In addition, political shifts and party influence may weaken long-term support for the policy.

Working Group 2:
EU’s Trade and Economic Growth

Overview

Policy Recommendations

1. Team Up to Scale Up

Establish EU-backed industrial consortia involving at least three Member States, which offers loans and regulatory simplification in exchange for meeting performance milestones on productivity and scaling. It aims to strengthen European industrial capacity, boost investment, and improve competitiveness, supported by complementary labour initiatives and early political backing from key states like Germany and Italy. However, it faces risks from competition law constraints, member state resistance over sovereignty, budget limits, and political opposition to deeper integration.

2. EU coordinated tax reporting framework

Introduce a harmonised EU-level framework for corporate tax reporting and administrative procedures, while preserving national control over tax rates. By simplifying cross-border compliance and improving regulatory consistency it seeks to enhance competitiveness and attract investment. Its main challenges are securing member state agreement due to fiscal sovereignty concerns and ensuring alignment with international tax standards such as OECD rules.

3. ResureEU: critical raw materials exchange mechanism

Create an EU-level exchange system where firms share demand forecasts and contribute funding in return for coordinated procurement and stockpiling of critical raw materials via a central EU facility. It aims to secure supply chains, reduce dependency on dominant external suppliers (notably China), and stabilise access through diversified sourcing and long-term agreements. Key obstacles include limited company participation due to confidentiality concerns, as well as political, budgetary, and governance challenges requiring strong trust and data safeguards.

Team Up to Scale Up

Lack of cooperation in European industrial projects

Despite the existence of a clear strategic framework through initiatives such as the Competitiveness Compass, the Clean Industrial Deal, and the Economic Security Strategy, Member States remain reluctant to subordinate national interests in key industrial sectors to broader European objectives. Governments continue to prioritise the protection of national industries, jobs, supply chains, and technological sovereignty, often leading to fragmented policies, duplication of capabilities, and competition between member states rather than coordination. This creates structural inefficiencies within the European market and weakens the EU's ability to act strategically in an increasingly competitive geopolitical environment. Instead of combining resources and creating economies of scale, national approaches frequently result in overlapping industrial projects, limited inter-operability, and slower decisionmaking.

Policy recommendation

The "Team Up to Scale Up" programme operates through the establishment of an industrial consortia programme, under which cooperative projects involving at least three EU Member States would receive EU-backed loans and benefit from streamlined treatment under EU competition rules. The programme would be structured around a milestone-based system, whereby participating consortia must meet defined productivity, investment, and scaling targets in order to unlock successive tranches of EU co-financing and support.

Initial steps for implementation would include the development of clear performance indicators and a monitoring framework to define and assess success within the programme. In addition, accompanying measures such as a repatriation talent pool scheme and targeted upskilling programmes would be introduced to strengthen labour market capacity. The proposal could subsequently be advanced through engagement with relevant committees in the European Parliament, while countries such as Germany and Italy could provide early political support and budgetary backing, building on their shared interest in strengthening European industrial cooperation.

With successful implementation, the "Team Up to Scale Up" programme would create stronger political and industrial alignment at the EU level and unlock additional resources for scaling strategic industrial projects. In the long term, it would enhance the competitiveness of the EU, attract foreign direct investment, and strengthen innovation capacity, research and development, and the convergence of common industrial standards across Member States.

However, several risks and barriers remain. Existing EU competition law may limit implementation, while resistance from Member States could emerge due to concerns over sovereignty and industrial policy autonomy. Budgetary constraints and complex administrative requirements for joint ventures may further prevent execution. Finally, the spread of disinformation or political narratives opposing deeper industrial integration could further complicate adoption and public support.

A launchpad tax model: One standardised and transparent corporate tax framework for the EU

Significant costs due to tax system fragmentation between EU Member States

As Member States retain sovereignty over direct taxation, a range of national tax systems coexist within the EU's Single Market. This fragmentation creates obstacles for cross-border economic activity, including legal uncertainty, increased compliance costs, and administrative burdens for firms operating under multiple jurisdictions. Additionally, divergent national tax frameworks can influence the location of investment decisions by firms from both inside and outside the EU.

Policy Recommendation

The EU does not have competences over direct taxation. However, it would be possible to introduce a coordinated EU-level tax framework focused on harmonised corporate tax computation, reporting and administrative simplification.

The Launchpad tax model initiative would leverage the technical solutions offered by Directive Pillar 2 or BEFIT project to create simplified and standardised tax bases, reporting standards and harmonised tax returns, by allowing companies that opt for the 28th corporate regime and operating across Member States to also opt for the Launchpad tax model.

National governments would retain sovereignty over tax rates (no lower than 15%, as already mandated by Directive Pillar 2). In this way, no further tax competition among member states would be allowed, apart from what is already accepted and in place.

In order to make it viable, 28th regime companies should adopt international accounting and reporting standards (IAS/IFRS). This point is central because corporate tax bases are usually computed starting from the profit or loss reported in financial statements. However, financial statements are prepared by using accounting standards that may differ in each jurisdiction. In fact, the same financial statements of the same company may virtually have a different resulting profit or loss depending on the accounting standards adopted. Hence, using the already available IAS/IFRS (that, among other reasons, have been introduced to allow comparability of financial statements across jurisdictions) would standardise the starting point of computation of the corporate tax base.

The regime may also involve transparency requirements (e.g., publishing of tax returns, or, at least, some parts of them) to allow the public opinion, academia and research centres to scrutinise the actual tax burden of the companies.

Finally, a centralised EU tax office would be entitled to offer guidance to the companies adopting the launchpad tax model. Tax audits and tax justice would still be administered by each Member State, but the publicity of the tax information would encourage the companies to keep the highest levels of compliance.

This could be initially applied to companies adopting the 28th corporate regime that are part of:

- selected corporate segments, such as start-ups or scale-ups; and/or
- selected industries, such as technology (including fintech and insuretech), defence, health, etc.

As two of the largest EU economies, Germany and Italy are in the ideal position to play a leading role in advancing the initiative (also via bilateral and multilateral tax agreements), building coalitions alongside other Member States with strong industrial bases, such as France, Spain, and Luxembourg.

The policy would enhance EU competitiveness by reducing administrative fragmentation, improving regulatory predictability, and lowering compliance costs for cross-border firms. This may also increase the attractiveness of the EU as an investment destination for non-EU companies seeking regulatory stability and a large integrated market. However, constraints remain. Achieving consensus among Member States may prove difficult due to the sensitivity of fiscal sovereignty and limited EU competence in direct taxation. In addition, alignment with international frameworks such as OECD Pillar 2 would be necessary to ensure compatibility with global minimum tax standards and avoid regulatory duplication or conflict.

ResureEU

Raw material shortages and dependency on third countries

To maintain industrial competitiveness and advance the green and digital transitions, the EU depends heavily on a range of critical raw materials (CRMs), both today and in the long term. Supply chains for many of these materials are highly concentrated geographically, particularly in China, which plays a dominant role in global extraction, processing, and refining capacities. This concentration creates strategic vulnerabilities for the EU, especially given rising geopolitical tensions and the limited compe-titiveness of alternative suppliers against established Chinese production and pricing structures. At the same time, the EU faces structural obstacles in designing effective policy responses. Policymakers and market actors often lack sufficiently detailed and coordinated information on current and future industrial demand for critical raw materials, inclu-ding the types, quantities, and timing of material needs across sectors. This information gap com-plicates long-term investment planning, supply diversification, stockpiling strategies, and the deve-lopment of domestic extraction, refining, and recycling capacities.

Policy Recommendation

ResureEU would function as a European exchange mechanism for CRM. Participating companies would provide information on their projected raw material needs and contribute financial resources in return for access to an EU-level Critical Raw Materials Centre. This centre would coordinate the procurement and stockpiling of critical raw materials from third countries, with the aim of diversifying suppliers, strengthening alternative markets, and reducing dependency on China.

The mechanism would also support long-term offtake agreements with partner countries and producers to improve supply security. As a first step, the EU could assess best practices from countries that have already implemented similar approaches, particu-larly Japan. Following such an assessment, the proposal could be promoted through cooperation with Germany and Italy, which are well positioned due to their existing national critical raw material funds, industrial bases, and influence within the EU.

The initiative would provide several benefits. Improved information on critical raw material demand would enable the EU to better anticipate shortages, adapt industrial policy, and prevent supply bottlenecks. Coordinated procurement and stockpiling would also reduce exposure to external dependencies and global price volatility. However, several challenges remain. Private companies may be reluctant to participate if incentives are insufficient or concerns over commercial confiden-tiality persist. In addition, implementation could face political and budgetary constraints at both the national and EU levels. Robust safeguards for data security and governance would therefore be essential to ensure trust and participation.

Working Group 3:
EU’s Energy Resilience

Overview

Policy Recommendations

1. Lithium Recycling Act

Establish an EU-wide framework to scale lithium recycling through a flagship industrial initiative, a harmonised scaling and standardisation system, and an improved battery collection and traceability regime. It aims to strengthen strategic autonomy by reducing dependence on primary lithium imports and building a circular supply chain for critical raw materials. Key challenges include global price competition from primary producers, particularly China, and the high costs, risks, and technological uncertainties faced by early investors in recycling capacity.

2. The Hannibal Corridor of Energy

Establish a high-capacity electricity interconnection between Germany, Austria, and Italy to enhance cross-border grid integration and complement emerging hydrogen infrastructure. Starting point would be a joint feasibility study by national transmission system operators and progress through EU “Projects of Common Interest” status to unlock funding and permit approval processes. While it would improve grid stability, price convergence, and energy security in the long term, it faces risks from high infrastructure costs, permitting delays, local opposition, and regulatory coordination challenges across countries.

3. The Hydrogen Ramp-Up Project

Accelerate the development of the European hydrogen market by simplifying and better coordinating existing funding instruments, including IPCEI schemes, to improve access—especially for SMEs. It focuses on reducing administrative barriers, blending financial tools more effectively, and ensuring more regionally balanced industrial development across the EU hydrogen value chain. While it would speed up market growth, job creation, and decarbonisation, its success depends on overcoming bureaucratic complexity, ensuring fair SME participation, and aligning national and EU-level funding frameworks.

LiRA – Lithium Recycling Act

The EU's dependency on imports of lithium for electric vehicle and energy storage production

One of the critical raw materials (CRM) on which the EU, but particularly major automotive producers such as Germany and Italy, depend is lithium. It is essential for the production of batteries used in electric vehicles and energy storage systems, making it a key resource for the green and digital transition as well as Europe's future industrial competitiveness.

Despite growing domestic initiatives, the EU remains heavily reliant on external suppliers for lithium extraction, processing, and refining. At the same time, recent developments such as the COVID-19 pandemic and the Strait of Hormuz crisis, disruptions to major trade routes, and the increasing use of trade dependencies as geopolitical tools, have highlighted the vulnerability of global supply chains.

Policy Recommendation

A Lithium Recycling Act would be structured around three mutually reinforcing pillars aimed at strengthening the EU's circular supply of CRM.

First, a European lithium recycling flagship initiative would be established, inspired by large-scale collaborative infrastructures such as the International Thermonuclear Experimental Reactor (ITER). This would create coordinated, industrial-scale recycling and refining capacity for lithium-based batteries across Member States. Second, a harmonised industrial scaling framework would support the deployment and commercial maturation of recycling technologies across the EU, including standardisation of processes and facilitation of market integration for secondary raw materials. Third, a Europe-wide deposit scheme would enhance public awareness and secure a steady inflow of end-of-life batteries. Building on the existing EU battery regulation (2023/1542) and CRMA goals (2024/1252), this pillar would increase collection rates, improve traceability, and ensure that used batteries are efficiently channelled into certified recycling streams.

The Lithium Recycling Act would reduce the EU's dependency on external sources of lithium, thereby strengthening strategic autonomy in a critical input for the green transition. It would also advance the development of a more circular and competitive European economy by improving the local recovery and reuse of valuable raw materials. However, several implementation challenges remain. Intense price competition from primary lithium producers, particularly in China, may limit the short-term profitability of recycling and hinder early market uptake. In addition, a key barrier concerns the initial transfer and diffusion of technical know-how required for advanced lithium recycling. Given high capital costs, technological uncertainty, and rapidly evolving process standards, early investors face a first-mover disadvantage: they bear the costs and risks of scaling new technologies, while later entrants may benefit from improved processes and reduced uncertainty. This dynamic could slow commercial deployment in the absence of targeted public support or risk-sharing mechanisms.

The Hannibal Corridor of Energy

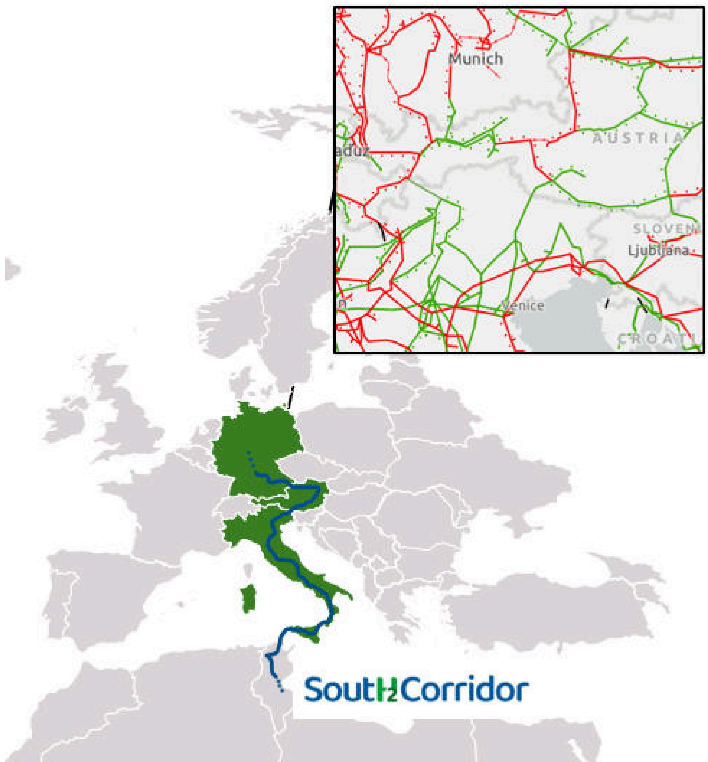
Europe's energy transition is constrained by insufficient cross-border electricity transmission capacity, especially along key Central and Southern European interconnection routes, including those across the Alpine region. Limited grid capacity restricts the efficient flow of electricity between Member States such as Italy and Germany, leading to congestion, higher system costs, and reduced overall flexibility of the power system. These structural bottlenecks prevent the full integration of the EU electricity market which reduces system efficiency and weakens resilience in times of supply shocks or peak demand.

Policy Recommendation

The Hannibal Corridor of Energy is envisaged as a high-voltage electricity interconnection linking Germany, Austria, and Italy. It would complement the emerging SoutH2 Corridor for hydrogen by strengthening cross-border electricity transmission infrastructure in Central and Southern Europe. The project is assumed to have a capacity in the range of approximately 4–6 GW and could be operational by around 2035, subject to regulatory and investment decisions.

A first step toward implementation would be the commissioning of a joint feasibility study by the relevant Transmission System Operators (TSOs) in Germany, Italy, and Austria. This technical assessment should evaluate system needs, routing options, cost-benefit considerations, and integration with existing and planned EU grid infrastructure. Another important step would be the inclusion of the project in the EU's list of Projects of Common Interest (PCI), which can facilitate streamlined permit procedures and enable access to European funding instruments such as the Connecting Europe Facility. In parallel, early initiation of permit allocation and environmental assessment procedures at national level would help reduce implementation delays and support a faster regulatory pathway. Strong political endorsement from both the German and Italian governments would be essential to ensure coordination across regulatory regimes and to maintain momentum. Both countries are key stakeholders in this project. Germany can contribute technical expertise in large-scale grid integration, particularly in managing variable renewable energy and high industrial electricity demand. Italy, by contrast, occupies a strategically important position as a potential electricity hub in Southern Europe, with established experience in cross-border energy infrastructure and interconnections with neighbouring regions, including the Mediterranean basin. Italy has also developed increasingly efficient permitting practices for energy infrastructure projects, which may provide useful procedural lessons for EU-scale coordination.

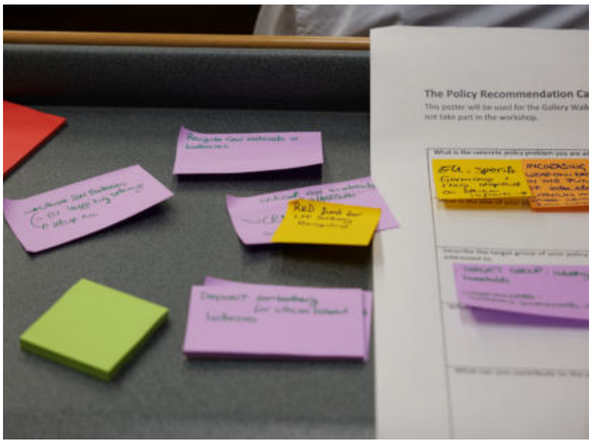
In the short term, the Hannibal Corridor of Energy would push cross-border transmission capacity, reduce congestion in the European grid, and lower system balancing and dispatch costs. It would also send a strong political signal of German Italian cooperation in advancing European energy integration. In the long term, the project would contribute to deeper integration of the EU electricity market, improved price convergence across regions, and enhanced energy security and system resilience. However, several risks must be addressed to ensure successful implementation. These include high upfront capital costs, lengthy permit allocation processes and construction timelines, potential local opposition to new transmission infrastructure, and coordination challenges between multiple national regulatory frameworks and TSOs. Without early mitigation of these risks through coordinated planning, stakeholder engagement, and regulatory alignment, the project may face significant delays or fail to deliver its intended benefits.



The Hydrogen Ramp-Up Project

Financial and Regulatory Barriers in the Emerging EU Low-Carbon Fuels Market

The development of European markets for hydrogen, e-fuels, and advanced bio-fuels is currently constrained by a structural mismatch between supply and demand, driven by financial and regulatory uncertainty. On the supply side, producers face high upfront capital costs and remain in early-stage, high-cost production phases, making projects difficult to finance. On the demand side, industrial users and fuel distributors are reluctant to sign commitments due to uncertain price signals and evolving regulatory frameworks across Member States. This “chicken-and-egg” problem is reinforced by diverging national strategies.



Policy Recommendation

The Hydrogen Ramp-Up project aims to strengthen emerging hydrogen market structures by improving the allocation and accessibility of existing EU and national funding instruments. It focuses on efficiently combining current financing channels and improving the blending of financial tools to expand production capacity. Reducing entry barriers within frameworks such as hydrogen market funding mechanisms is intended to enable greater participation by SMEs, which currently face administrative and financial constraints. A core objective is to make investment frameworks more sensitive to territorial and structural vulnerabilities, thereby ensuring a more balanced regional distribution of hydrogen-related industrial activity.

In a first implementation phase, relevant industries and stakeholders can be engaged to further refine and advocate for the initiative, supported by feasibility studies and policy analysis. Germany and Italy are natural partners in this effort, given their similarly broad SME industrial bases and shared interest in hydrogen development. Both countries could promote a more coherent EU hydrogen strategy, building on their cooperation in cross-border hydrogen infrastructure projects, while also reinforcing regulatory predictability within their respective markets.

In the short term, the initiative could accelerate market development, stimulate job creation, and help retain skilled talent within the EU. In the longer term, it would contribute to industrial decarbonisation, support the achievement of EU climate targets, and strengthen overall economic resilience and energy security. However, risks include social vulnerabilities and unjust transitions, political backlashes, high costs and losing momentum around the new MFF.

Working Group 4:
EU’s Challenges in Artificial Intelligence

Overview

Policy Recommendations

1. Trusted SME data-exchange ecosystem for AI and digitalisation

Create a secure European data-sharing ecosystem in which SMEs voluntarily contribute operational data in exchange for digitalisation incentives such as vouchers, AI services, or funding access. The aggregated data would support European AI development while ensuring strict governance through sovereign cloud infrastructure, privacy-by-design principles, and secure data standards. Key risks include low SME participation due to concerns over IP protection, cybersecurity, and administrative burden, making trust, strong safeguards, and clear data ownership rules essential.

2. AI and Democracy: Implementing AI literacy among elderly people

Use EU funding (e.g. CERV) to support local AI literacy and digital skills programmes for older adults, delivered through libraries, civil society organisations, and municipalities. It aims to improve digital inclusion, trust in AI systems, and resilience against scams and disinformation, while also fostering long-term participation in the digital economy. Challenges include measuring impact, ensuring effective use of funds, avoiding low participation, and coordinating diverse local stakeholders.

3. National AI ombudsperson institutions in Germany & Italy

Establish AI ombudsperson bodies in Germany and Italy to help individuals report harm from AI systems and access legal guidance, supported by a database for oversight and transparency. Funded potentially through levies on AI companies, these institutions would improve rights enforcement and reduce pressure on courts while increasing public trust in AI governance. Main challenges include securing compliance from globally operating tech companies and ensuring effective cross-border enforcement and coordination.

Trusted SME data-exchange ecosystem for AI and digitalisation

Data Sharing Barriers and AI adoption among European SMEs

The ability to develop competitive European AI ecosystems increasingly depends on access to high-quality data. This presents a particular challenge for countries such as Germany and Italy, both of which possess large and highly specialised SME sectors that generate valuable manufacturing, logistics, engineering, and supply-chain data. However, many SMEs remain reluctant to share data due to concerns over intellectual property protection, loss of competitive advantage, cybersecurity risks, and unclear governance frameworks regarding data ownership and usage. As a result, potentially valuable datasets remain fragmented and inaccessible, limiting opportunities for AI training, cross-sector innovation, and industrial scaling within the EU. This lack of trust and regulatory clarity creates a structural barrier to AI adoption and development. Large technology firms often possess the financial and technical capacity to capture and utilise data at scale, while SMEs face disproportionate risks and limited bargaining power in data-sharing arrangements. Without trusted mechanisms for secure data exchange and safe-guards for intellectual property, European SMEs may become increasingly excluded from the benefits of AI-driven productivity gains and innovation.

Policy Recommendation

The policy aims to create a trusted data-exchange ecosystem for SMEs, enabling companies to share data in return for digitalisation benefits. Under the proposed framework, SMEs would provide data through secure exchange middleware into a closed and protected European ecosystem governed by clear legal and technical standards. In exchange, participating firms could receive support measures such as digitalisation vouchers, AI consulting services, preferential access to innovation funding, or tokens. The aggregated data could then support the development of European AI innovation ecosystems by enabling research institutions to train and improve AI applications on high-quality European industrial data.

A first implementation step would be the launch of a pilot project involving selected sectors and regional SME clusters, identifying best practices and lessons learned before scaling the initiative at EU level. This should be accompanied by a detailed funding and governance assessment, as well as the development of a technical stack based on sovereign cloud infrastructure, open-source data exchange standards, privacy-by-design principles, and federated data architecture.

Several risks and barriers must be addressed for successful implementation. Since SME participation would remain voluntary, concerns over intellectual property protection, cybersecurity, competitive disadvantage, and administrative burden may reduce willingness to participate. Fear of data leakage or misuse could undermine trust in the system. Ensuring strong governance standards, secure infrastructure, and transparent rules on data ownership and access will therefore be critical to the initiative.

AI and democracy – Implementing AI-literacy among elderly people

Europe's demographic structure is undergoing significant change as life expectancy increases and birth rates decline, resulting in an ageing population across many Member States. Older adults remain active participants in democratic and social life, including through political engagement, media consumption, and participation in public discourse. At the same time, artificial intelligence technologies are becoming increasingly integrated into digital communication environments, particularly social media platforms and messaging services. While AI offers substantial societal and economic benefits, generative AI tools also create new risks related to disinformation, manipulation, and the spread of politically or socially harmful content.

Older populations may be more endangered by these risks due to their comparatively lower levels of digital and AI literacy, reduced access to digital training opportunities, and higher levels of social isolation. Unlike younger generations, many older adults did not encounter digital technologies or AI systems in formal education or professional environments. As AI-generated content becomes increasingly difficult to distinguish from authentic information, this creates broader challenges for democratic resilience, informed public debate, and trust in institutions across the EU.

Policy Recommendation

The policy aims to support AI literacy and digital resilience among older adults through targeted EU funding mechanisms, for example under the Citizens, Equality, Rights and Values Programme (CERV), particularly within strands related to equality, inclusion, and democratic participation. Funding would be directed toward locally delivered AI literacy and digital awareness initiatives, implemented through existing community infrastructure such as libraries, adult education centres, civil society organisations, and municipalities.

Through a multi-level approach, the policy would aim to raise awareness of AI-related risks and opportunities, strengthen digital trust, provide practical training, and develop long-term digital skills pathways for older populations. Over time, lessons learned from local initiatives could support broader policy integration and coordination at the European level and NATO. Initial implementation steps would include securing funding allocations, launching calls for projects, identifying relevant stakeholders and municipal partners, and piloting programmes through existing local structures before scaling successful models more broadly.

In the short term, the policy could help older adults to safely engage with beneficial AI-enabled tools in areas such as communication, healthcare support, and daily assistance, while also improving resilience against online scams, disinformation, and manipulated content. In the longer term, stronger digital inclusion could contribute to greater social cohesion, reduced polarisation, and broader participation in Europe's digital transformation. However, several implementation challenges must be considered, including potential misuse or inefficient allocation of funds, stakeholder resistance, and limited participation among target groups. In addition, the impact of AI literacy programmes may be difficult to measure, complicating evaluation and the development of targeted policy improvements over time.

Independent national AI ombudsperson

With the increasing use of artificial intelligence across social and traditional media, public transport, law enforcement, the justice system, and even the military, civilians are increasingly exposed to potential harm. Artificial intelligence can be used to create deepfakes that falsely implicate individuals in crimes, depict them in compromising situations, or otherwise humiliate and damage their reputation. While the regulation of artificial intelligence is increasingly on the agenda of European policymakers, the AI Act does not create a specific procedure through which individuals harmed by an AI system can directly seek remedies or compensation. Instead, individuals generally must rely on existing legal avenues, which are often expensive, time-consuming, complex, and have uncertain prospects of success.

Policy recommendation

The Italian and German governments could establish national-level AI ombudsperson institutions. Individuals harmed by artificial intelligence systems could submit complaints and receive guidance and legal support to facilitate the enforcement of their rights. This could be funded through regulatory contributions or levies on AI companies.

As a first step, stakeholder consultations could be initiated, alongside a roundtable involving companies, civil society, government representatives, legislators, and experts on ombudsperson models. An analysis of existing ombudsperson schemes in Germany, Italy, and other jurisdictions could help identify best practices.

In the short term, such a policy could provide a more accessible procedure for individuals to enforce their rights. In the long term, it could enhance transparency and public trust in both government institutions and AI-related companies. Additionally, it may reduce pressure on courts by offering citizens alternative avenues before initiating formal legal proceedings. However, it should be considered that securing participation and compliance from companies could present challenges, particularly given their often transnational nature.

Participants

The Spinelli Forum 2026 gathered 30 German and 30 Italian participants from various professional backgrounds, divided into four thematic working groups. All participants contributed to their working group in their personal capacity, and not as a representative of their employer.

WG1:
EU's Security and Defence Policy

Anastasia Schilirò – DLR GfR
Beatrice Pecchiari – Comin & Partners
Carolin Robert – Federal Foreign Office
Claudio Rottner – University of Bayreuth
Dimitar Keranov – German Marshall Fund
Francesco Canossi – UAE Ministry of Defence, Executive Office
Gioia Toffoli – Aequitas Global
Giorgia Castiello – Scuola Normale Superiore & Scuola Superiore Sant'Anna
Gordon Abeiku Mensah – Bocconi University
Hanna Trepte – Freie Universität Berlin
Laura Elisa Niemann – Rheinmetall
Manon Sophie Vogel – European Commission
Marius Heil – Aston University/Jacques Delors Centre
Martina Lo Conte – Deloitte Legal
Philipp Richter – Federal Police
Riccardo Gasco – Istanpol Institute
Valeria Scuto – NATO Strategic Direction - South Hub

WG2:
EU's Trade and Economic Growth

Alexander Schäfer – European Commission
Anna Heckhausen – Bertelsmann Stiftung
Arthur Leichthammer – Jacques Delors Centre
Davide Sirna – Italian Trade Agency
Estelle Picinelli – Italia Marketing GmBh
Federico Scimenes
Francesca Di Donato – AlphaSights
Greta Robbiani – Chamber of Commerce (CCIAA)
Jacopo Pastorelli – Atlantic Council
Jonas Prien – Schneider Group GmbH
Ludovico Campagnolo – OECD - OCDE
Maddalena Martini – Allianz
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WG3:
EU's Energy Resilience

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Alessandra Gambera – Fondazione Eni Enrico Mattei (FEEM)
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Anna Bassan – Infineon Technologies AG
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Tatiana Valyaeva – German Chamber for Commerce and Industry
Tommaso Grossi – United Nations

WG4:
EU's Challenges in Artificial Intelligence

Anna Pozzi – Alma Mater Studiorum - Universita di Bologna
Cesare Giulio Ardito – University of Manchester
Corinna Schütz – Landkreis Reutlingen/Reutlingen District
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Kim Klebolte – Hertie Foundation
Lidia Garoscio – BAG WfbM
Marcello Alberizzi – Heliont
Martina Oneta – Pirelli
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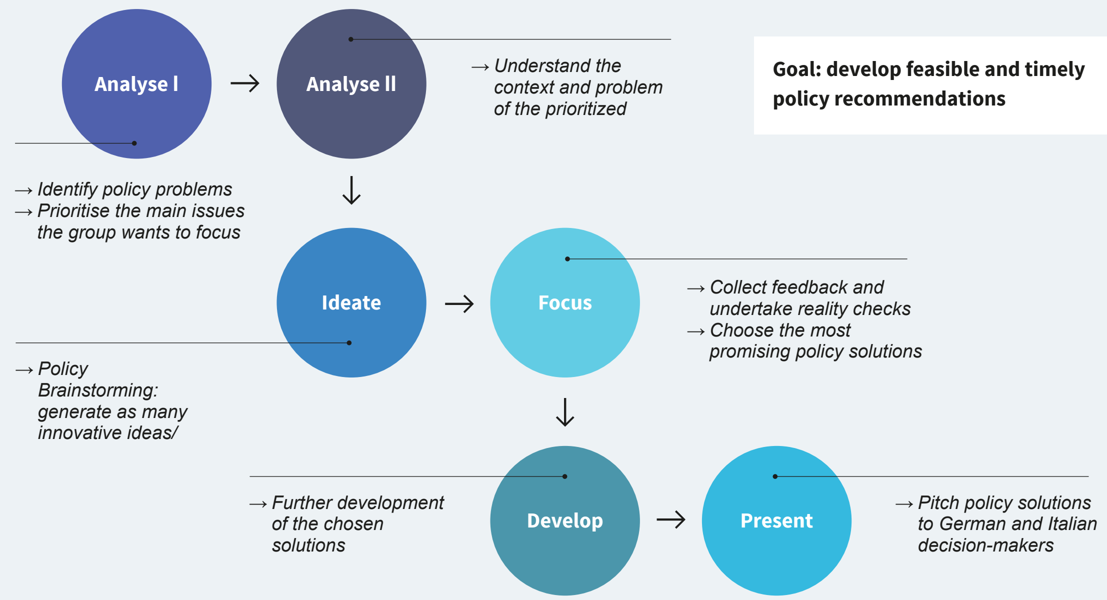
Niklas Reinecke – Universita Bocconi
Nora Oppermann – Algorithm Watch
Samuele Fratini – Centre National de la Recherche Scientifique
Valentina Crenna – Gamindo
Valentina Schott – KAS Rule of Law Programme Asia

Methodology



The Methodology: Ideating 12 policy recommendations
The Spinelli Forum consisted of several workshops and working phases that allowed a dynamic workspace to dive deeper into the various topics discussed. The *Design Thinking* method applied fostered the collaborative efforts and innovative thinking within the working groups while at the same time ensuring the development of tangible and concrete policy recommendations. The workshop process unfolded through a series of sequential phases: *Analyse* (workshops II & III), *Ideate* and *Focus*, *Develop*, and *Present* (all during the final conference).

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About IEP
Since 1959, IEP has been active in the field of European integration as a non-profit organisation. It is one of Germany's leading research institutes on foreign and European policy. IEP works at the intersection of academia, politics, administration, and civic education.

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About the German-Italian Young Leaders Dialogue - Spinelli Forum:
The Spinelli Forum was launched in 2019 at the initiative of the German Federal Foreign Office and the Italian Ministry of Foreign Affairs and International Cooperation. Its fifth edition in 2025 was hosted by the Institut für Europäische Politik (IEP) and the Istituto per gli Studi di Politica Internazionale (ISPI).

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