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AI

Europe lags and regulation shifts: 3 calls for AI

Artificial intelligence will remain a key driver of the global economic outlook in 2026, but Europe risks falling further behind the United States and China



The continent hosts only a handful of AI models and remains far behind the United States

ING's base call: Europe still behind in the AI race

Europe is significantly lagging in the global race for artificial intelligence development. The continent hosts only a handful of AI models and remains far behind the United States – and, to a lesser extent, China – in terms of innovation and deployment.

This technological gap is mirrored in business adoption: the share of European companies integrating AI into their daily operations is markedly lower, creating a widening productivity divide. Against this backdrop, AI is poised to remain a dominant engine of economic growth in the United States throughout 2026, whereas its impact in Europe will be comparatively muted.

Although AI usage and investment on the continent are expected to accelerate, they will still fall well short of US levels. This disparity will constrain Europe's potential for productivity gain. Consequently, the structural growth gap between the US and Europe is likely to widen.

Our risky call: Europe stops to regulate

We have heard it often enough: the US innovates, China replicates and Europe regulates. Our risky call is that, in its broader efforts to support growth and competitiveness in Europe, the European Commission will propose a big deregulation package for AI, which would then be approved by governments and the European Parliament.

Parts of this package could allow European companies to train models better and more easily. Consequently, European companies will become slightly less dependent on AI made in the US and AI investments will finally start to accelerate in Europe, positively impacting total investments in Europe in 2026. Nevertheless, this will not enable Europe to catch up with the United States, nor will it bridge the structural gap in potential growth.

Our bold call: AI appetite takes a pause

We won't speculate on stock market trends or whether an AI bubble is forming, but regardless of market moves, our bold call is that investor enthusiasm for AI will fade in 2026. It will follow the so-called "Gartner Hype Cycle" where a new technology moves from initial excitement to a peak of inflated expectations, then through a period of disappointment, before reaching a stage of practical understanding and finally becoming widely adopted and productive.

For AI, 2026 could mark the peak of inflated expectations, as investments fail to deliver on promises and major model errors prompt a return to human judgment – forcing companies to rethink how they use and apply AI. Power outages or cooling issues, as experienced by the Chicago Mercantile Exchange in late November, for example, create more uncertainty regarding the use of AI. As a result, 2026 becomes a year of consolidation or even a setback for the global AI wave.

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