

EU's von der Leyen looks beyond COVID-19 as the recovery gathers pace

A declaration of values, not a shopping list

The EU has proven its value in the response to the pandemic and will use the recovery to ensure the long-term prosperity of the bloc through green and digital investments.

This was the key message of European Commission President Ursula von der Leyen in her first “State of the Union” [speech](#) since taking office at the end of 2019. Notable announcements include a more ambitious CO2 reduction target of at least 55 percent, compared to 40 percent today, and a raft of new instruments to ensure the EU is better prepared for a future health crisis, including new agencies and EU-wide stockpiling of medicines. Formalising the plan, the speech was accompanied by a [‘letter of intent’](#) to the president of the European Parliament and German Chancellor Angela Merkel, whose country now presides the Council of the EU.

Besides the new CO2 target, her speech was thin on detailed policy announcements, largely reiterating well-known plans on the digital and green policy pillars that will form the backbone of EU industrial policy for the coming years. In deciding not to name-check every initiative, von der Leyen left herself open to criticism that she doesn't have much interest in their specific issues, and is light on concrete ideas to execute her vision.

But rather than providing a progress report on individual projects, she used the speech to set out the values that she wants the bloc to embody, both internally and in its dealings with the rest of the world. She unequivocally appealed to the humanity of EU citizens, condemning hateful acts and pleading for solidarity with those in the margins of Europe's society and economy. She sharpened the rhetoric against Russia and China and asserted Europe's role, through trade and policy leadership to inspire other countries to pursue socially cohesive and sustainable goals.

She also vigorously defended the EU's role in the pandemic, pointing to the measures taken by EU institutions to step up to the challenge when COVID-19 lockdowns threw Europe's economies into disarray. These measures ensured goods could flow across borders even as they closed, sent flights to repatriate Europeans stranded across the world, nipped in the bud export bans on medical goods, redirected industrial capacity to produce masks and gloves, and ensured health workers could travel to help in the countries that needed the most support – all without the EU having the formal competence in these areas. Meanwhile, she paid tribute to the EU legislative institutions for unlocking emergency funding to protect workers and social security systems in record time.

To build resilience against a future pandemic, von der Leyen also said the EU would earmark money for healthcare, reinforcing and extending the mandate of the European Medicines Agency and European Centre for Disease Prevention and Control, creating a new agency, the Biomedical Advanced Research and Development Agency (BARDA), and reinforcing EU stockpiles to address supply-chain dependencies.

The European Green Deal

Looking forward, von der Leyen's priority continues to be the 'green' agenda. She announced the long-anticipated increase in the EU's plan to reduce carbon emissions from 1990 levels from the current 40 percent to 55 percent by 2030, which she said was backed up by a thorough scientific and economic assessment. She asserted that an ambitious green policy goes hand-in-hand with economic growth and pointed to specific EU funding to support parts of the bloc that face a bigger task in making the green transition in the coming years. By next summer, the European Commission will have reviewed all relevant legislation to ensure that they support the increased 55 percent CO2 reduction target.

But the EU's green agenda is more than just CO2 reductions, it is systemic modernization of the economy to ensure land and water reuse, consumption, transport and environmental protections are sustainable, von der Leyen said.

To this end, 37 percent of the COVID-19 recovery fund, 'Next Generation EU', will be earmarked for Green Deal objectives, building on Europe's global leadership on green finance, to finance innovations such as hydrogen power infrastructure to enable carbon-free industry clusters, or rolling out one million charging stations for electric cars. Improving the energy efficiency of buildings – which consume 40 percent of CO2 emissions – also requires significant investments. It also presents an opportunity to channel young talent and skills into green buildings with a unique aesthetic would amount to a 'European Bauhaus' movement, she said, with a nod to the German architecture and design school in the 1920s and 30s.

Digital leadership

The second pillar of von der Leyen's vision was regaining leadership in digital technology, for which 20 percent of the Next Generation EU funding package is earmarked. The forthcoming decade will be Europe's 'Digital Decade', von der Leyen said, ensuring Europe sets the standards for connectivity, digital skills, digitisation of public administrations, the right to privacy, accessing information and cybersecurity and the free flow of data. However, she did not dwell on the topic or add specifics beyond what has been announced already.

First, she said 80 percent of industrial data is currently going to waste and should be harnessed to create new products and services, through the use of common data collection systems for key data in the field of energy and health, and ensuring industrial data can be made available to digital innovation clusters scattered across the EU, including the creation of a 'European cloud' based on EU standards through the "Gaia-X" initiative.

Second, the EU would ensure artificial intelligence is put to the service of the people, with rules to ensure such technologies don't generate 'black boxes' of automated decision-making. To ensure the respect of privacy and control of personal data, the EU would lead the creation of a European digital identity, that would give citizens control of how their data is used for everything from renting a bicycle to paying taxes.

Third, she said Europe's digital connectivity infrastructure needs to improve, particularly in rural areas. Measures would seek to ensure widespread availability of fibre-optics, 5G and 6G connectivity, as a once-in-a-generation "investment leap". The EU would also fund the creation of supercomputer capacity to drive innovation in a direction that is energy-efficient and secure.

Barbarians at (and inside) the gates

External and internal threats to the European project were the third and final theme of von der Leyen's speech. The EU is taking steps to counteract 'vaccine nationalism' to overcome the COVID-19 pandemic, the erosion of multilateral bodies such as the World Health Organization or World Trade Organization, or the geostrategic repositioning of trading partners like China and the US.

She adopted a tough stance on Russia, Belarus and Turkey, and China was framed as a strategic rival with some common interests, which now needs to demonstrate its commitment to fighting climate change and respecting human rights. Meanwhile, von der Leyen sought to maintain close relations with the US and the African Union and draw the Western Balkans closer to the EU.

She called on the EU to simplify decision-making on human rights and sanctions, including the creation of an EU 'Magnistky Act' to target foreign officials implicated in human rights abuses. She didn't hesitate to call out bad behaviour by third countries, but reserved a share of her criticism to EU member states, who she said need to get out of the habit of delaying, watering down, or holding hostage what she deems "simple statements on EU values".

Looking forward, she pointed to EU trade policy having achieved a milestone in securing labour rights for workers in Vietnam and progress in creating a maritime protected area around Antarctica. The idea to create a European Carbon Border Adjustment mechanism would support EU efforts to encourage third countries to improve their CO2 emission policies, and a digital tax that would ensure a fair taxation system for digital services, either at OECD or EU level.

Within the EU, von der Leyen took aim at hateful behaviour against the LGBTI community, people of colour, Jews and Roma and proposed an EU-wide extension of the list of hate crimes to cover all forms of hateful behaviour based on race, religion, gender or sexuality. She proposed a review of parental rights and took aim at the creation of 'LGBTI-free' zones in Poland. She also announced a 'deep dive' into the state of rule of law across the EU, to ensure not just financial interests are protected from corruption and vested interests, but also that fundamental rights are respected.

Von der Leyen also reprimanded the UK Prime Minister Boris Johnson for undermining trust in the Brexit process by proposing unilateral changes to the Brexit withdrawal agreement. She quoted Margaret Thatcher, who once said Britain doesn't break treaties, and it would be bad for the UK's future treaty and relations with the rest of the world should it do so. Von der Leyen only spent 1.5 minutes of her 1h30 speech on Brexit.

Political reactions

The centre-right European People's Party president Manfred Weber reacted to the speech calling on the EU to regain 'credibility' in the eyes of citizens by ensuring ideas around the recovery move into the execution phase, notably on the green and digital priorities. He also called for a stronger response from the EU on aggressions in Russia, Belarus and Turkey, and sent a warning shot across the bow to the UK that the EU would not tolerate breaches of international law as Brexit negotiations teeter on the brink. He also warned against the risk of Chinese takeovers of strategic interests in the EU.

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From the centre-left, Socialists & Democrats group president Iratxe García Pérez echoed the need for the EU to be legitimate in the eyes of citizens, by taxation and spending ensures that the wealthy, not ordinary workers, pay for the recovery. She welcomed progress on a minimum wage law, called for additional protection of the cultural sector, and pointed to the need for a strong rule of law mechanism to ensure democracy in the EU isn't undermined.

Dacian Cioloş, from the liberal group, Renew Europe, stressed the need for a strong rule of law mechanism to ensure EU spending does not end up in the pockets of self-styled autocrats. He echoed concerns about Russia, Turkey and the UK, and welcomed von der Leyen's plans on CO2 targets and the twin green and digital transitions.

Ska Keller, co-president of the Green group, criticised the EU's failure to show humanitarian values and solidarity to refugees, but welcomed von der Leyen's green agenda, including the minimum 55 percent CO2 target and measures on biodiversity and climate funding. She asserted the importance of a robust rule-of-law supervision mechanism to protect the rights and freedoms of Europe's citizens.

On the far left, Manon Aubry disapproved of von der Leyen's vision, criticising the CO2 target for not being ambitious enough, the EU's failure to tackle tax havens, allowing the rich to continue making hefty profits amid the crisis, and failing to address growing inequalities in society.

On the far right, interventions were entirely negative about von der Leyen's plans, which they said were driven by an 'environmentalist crusade', providing Europe with nothing but open borders and inability to respond to hostile behaviour from third countries.