

State of the Union 2023

On 13 September, Commission President von der Leyen delivered her last State of the Union before the 2024 European elections, outlining the achievements of the past year(s) of her Commission and next priorities. Von der Leyen emphasized the significance of the European Green Deal, industry decarbonization, and measures to strengthen Europe's competitive edge. She also addressed pressing concerns related to energy security, the role of SMEs, and critical raw materials. Additionally, she highlighted key developments in trade agreements and responses to global challenges, such as migration and the ongoing support for Ukraine. This summary provides an overview of her address, outlining key points and reactions from different political groups (Groups Leaders) within the Parliament.

Key points made on the priority topics of Cefic (*direct quotes from the speech*):

1. Industrial transition and competitiveness

- Europe's industry is showing every single day that it is ready to power this transition, proving that modernization and decarbonization can go hand in hand. In the last five years, the number of clean steel factories in the European Union has grown from zero to 38.
- We are now attracting more investment in clean hydrogen than the United States and China together.
- We will keep supporting European industry throughout this transition. They can rely on that. We started with a package of measures, from the Net Zero Industry Act to the Critical Raw Materials Act.
- And with this, we need to develop an approach for each industrial ecosystem. Therefore, starting from this month, **we will hold a series of clean transition dialogues with industry.**
- The core aim will be to support every sector in building its business model for the decarbonization of industry.
- The Commission will put forward a European Wind Power Package, working closely with industry and member states, fast track permitting even more.
- We will improve the auction systems across the Union. We will focus on skills, access to fine and stable supply chains. But this is broader than just one sector. From wind to steel, from batteries to electric vehicles, our ambition is crystal clear. The future of our clean tech industry has to be made in Europe.
- Too often our companies are excluded from foreign markets or are victims of predatory practices. They are often undercut by competitors benefiting from huge state subsidies. We have not forgotten how China's unfair trade practices affected our solar industry.
- And as we do not accept this distortion from the inside in our market we do not accept it from the outside. So I can announce today that the commission is launching an anti-subsidy investigation into electric vehicles coming from China.
- These challenges coincide with the need for industries to lead in the clean transition, making it essential to plan for future competitiveness.
- A report on the future of European competitiveness is being prepared by Mario Draghi, to ensure Europe maintains its competitive edge.
- Legislative proposals are in progress to reduce reporting obligations at the European level by 25%.
- Cooperation with Member States is needed to achieve the 25% reduction at the national level.
- Preserving European leadership in critical and emerging technologies is crucial for economic and national security.
- STEP is proposed to support various technology sectors, including microelectronics, quantum computing, AI, biotech, and clean tech.

- Urgent agreement on the budget proposal is encouraged to provide support to European companies in these areas.

2. Energy prices

- The European Central Bank is working to control inflation as a priority.
- Europe has successfully reduced energy prices and addressed concerns about energy security.
- Renewable energy infrastructure investments have been made to secure energy supply and lower prices.
- The goal is to replicate this success in other areas, such as critical raw materials and clean hydrogen.

3. SMEs

- European companies face challenges in dealing with complex administration and lengthy processes.
- An EU SME envoy will be appointed to gather input from small and medium enterprises and reporting directly to Von der Leyen.

4. Critical Raw Materials and Trade

- Global supply chains have faced bottlenecks due to export restrictions imposed by countries like China on critical goods.
- Economic security is crucial, and there is growing support for the concept of de-risking and decoupling from single suppliers, with key partners including Australia, Japan, the United States, and others willing to collaborate.
- The Commission is convening the first meeting of the new Critical Raw Material Club by the end of 2023.
- They aim to promote open and fair trade, with new free trade agreements concluded with Chile, New Zealand, and Kenya and plans to complete deals with Australia, Mexico, Mercosur, India, and Indonesia.
- Von der Leyen highlighted the importance for economic growth and sustainable development of the EU Global Gateway programme and, within it, of the India-Middle East-Europe Economic Corridor announced at the G20 Summit in New Delhi on 9-10 September.
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Others

1. Agriculture

- A strategic dialogue on the future of agriculture in the EU will be launched.
- The goal is to ensure food security while protecting the natural world.
- More dialogue and less polarization are needed to tackle new challenges.

2. AI

- Europe has surpassed its digital investment targets, leveraging next-generation EU funds to digitize various sectors and address digital challenges.
- Key initiatives include the Digital Services Act (DSA) and Digital Markets Act (DMA) to safeguard fundamental rights and hold tech giants accountable.

- Europe seeks to lead in shaping a global AI framework based on innovation, governance, and ethics, focusing on responsible development, global governance, and fostering innovation in AI technologies.

3. Migration

- Migration management is an ongoing challenge, particularly in combating human smugglers who deceive desperate individuals and risk their lives.
- To address this issue, new legislation, a revised governance structure, stronger law enforcement, and enhanced roles for agencies like Europol, Eurojust, and Frontex are needed. Additionally, the Commission will organize an International Conference on fighting people smuggling to address this global problem.

4. Enlargement

- The European Union is called upon to complete its union in a world where countries are being targeted individually, emphasizing the strategic and security importance of such unity.
- The Rule of Law Reports will play a crucial role in maintaining these values, and accession countries that progress quickly will be included in these reports, ensuring equal footing and support for reform efforts.

5. Ukraine

- The European Union has welcomed four million Ukrainian refugees, providing them with access to housing, healthcare, employment, and more.
- The Commission plans to propose an extension of temporary protection for Ukrainians in the EU, reaffirming its support for Ukraine through financial aid, ammunition production, and a significant investment of 50 billion euros over four years. The EU envisions a prosperous future for Ukraine and other neighboring countries within the Union.

MEPs interventions – Political Group leaders

EPP:

- Mentioned that Competitiveness and a strong industry is a priority for EPP.
- Focused on reducing bureaucratic burdens and conducting a competitiveness check to strengthen industry.
- Welcomed the appointment of Mario Draghi.
- Supported the “new phase” of the Green Deal but emphasizes the need for clear, supportive policies and taking into account the concerns and needs of various sectors, such as agriculture and farmers, workers and SMEs.
- Called for stronger trade defense instruments, particularly in response to challenges like solar panel attacks from China, to protect European industries. Calls for a European Green Deal, not a Chinese one”.

S&D:

- Thanked the President for her capacity of dialogues and achieving consensus, S&D Group is proud for contributing to that.
- The main priority is to focus on reindustrialization and open strategic autonomy with an eye on Africa and Latin America, emphasizing the importance of the green transition and addressing climate change.
- This includes accelerating the deployment of renewable energies, reducing electricity prices, and supporting the Green Deal through legislative action to promote sustainability and environmental

quality.

- Emphasized the need for tax justice to make the economy both more competitive and fairer, redirecting business profits towards improving the living conditions of ordinary people.
- Criticized the alliance between the right and far-right as a historic mistake.

Renew Europe:

- Stressed that Renew Europe is proud to have contributed to the achievements of the last 4 years.
- Emphasized the need for a European industrial response within the energy package and calls for cooperation in the legislative process.
- Stressed the importance of reducing bureaucracy for citizens and companies while ensuring investments align with objectives and are financially sound.
- Concerned about the defense of the democratic model in the face of some challenges, citing the need for efficiency, simplicity, and reforms.

Greens:

- Mentioned that the Green Deal brought the need to address climate change at the center of the debate where it remained despite the various crisis. This happened also thanks to the vision and the leadership of the President of the Commission, making a differentiation with the ones that never believed in the Green Deal and are now calling for a pause.
- Emphasized the need for addressing climate change as a legal and moral obligation and calls for more decisive actions.
- Stressed that there is a limit to economic growth.
- Pointed out that our land, water and air are polluted with forever chemicals, heavy metals and fine particles and this leads to massive pollution, deaths and endanger biodiversity.
- Called for upholding fundamental freedoms, addressing backsliding on European values, and defending human dignity in the treatment of people seeking protection.
- Condemned the alliance of EPP and the far-right.

ECR:

- Stated that the EU is not in a good shape - Claimed there is increased instability, conflict, tension, and uncertainty in Europe.
- Criticized the handling of the economy, pointed to inflation and the risk of a recession within the EU.
- Expressed concerns about the Commission's handling of the "German-Russian energy alliance" and its role in the energy crisis.
- Stated the Green deal instead of being a vehicle of growth is a costly "extravaganza", considering the rising cost of living due to the fantasies of the Commission and the Parliament.
- Criticized the EU's nature restoration law and expressed dissatisfaction with Frans Timmermans, that "took a convenient exit".
- Criticized common debts of 800 billion euros by 2026 and a flawed EU budget.
- Accused the Commission of "acting as an oligarchy" and interfering in national politics.
- Calls for more transparency and adherence to legal procedures in Commission actions.

Left:

- Workers in the EU have experienced a 4% decrease in real wages and struggle to afford basic necessities.
- Rising costs of electricity, heating, and rent have made it difficult for families to take holidays.
- The Commission's promises of social justice and tax justice do not align with the reality faced by single mothers and pensioners.
- 95 million people in the EU are threatened by poverty.

Intervention, Von der Leyen:

- Emphasized the importance of the historic Next Generation EU package for investment in the Union.
- Stated that this package involves common European Union taxpayers' money.
- Stressed the obligation to connect these funds with necessary reforms in respective Member States.
- The European Green Deal is crucial for the future of the planet and prosperity.

The Spanish Presidency of the Council:

- Advancing the green transition and addressing environmental concerns is one of the priorities.
- This transition offers an opportunity to reduce energy dependence, lower electricity costs, enhance competitiveness, and work against energy poverty.
- It also provides prospects for creating high-quality jobs and promoting a circular economy.
- Key priorities include reforming the electricity market, introducing gas and hydrogen packages, and enacting regulations for biodiversity conservation and restoration, along with the Zero Industry Act.
- The overarching goal is to achieve greater social and economic justice and a more competitive, fair economy
- This aligns with the revision of the multi-annual financial framework and structural reforms for the Union's economic governance.

Useful links

1. State of the Union [speech](#)
2. Achievements: [STATE OF THE UNION 2023 \(europa.eu\)](#)
3. Timeline of the Commission's achievements: [STATE OF THE UNION 2023 \(europa.eu\)](#)
4. Link to the debate: [State of the Union 2023 \(europa.eu\)](#)

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