

New EU Leadership and 2019 – 2024 Policy Priorities



Institutional Developments

2019 is a year of institutional change at the EU level. The May 2019 EU-wide elections to the European Parliament (Parliament) have resulted in an important shift in the relative balance of power among the large political groups, in comparison to the previous Parliament (see our [May 2019 client alert](#) for details).

Importantly, the two largest political families at the EU level (i.e. the European People Party and the Socialists and Democrats Group) have lost their joint majority in the Parliament and now require the support of at least one additional political group to form a majority. This means that the liberal forces in the new EU (i.e. Renew Europe Party) and/or the Green Party will have an important influence on the various legal initiatives that the European Commission (Commission) will put forward in the coming five-year legislative period.¹

The new Parliament, comprising 751 elected representatives from the 28 member states (including from the UK), formally started its mandate on 2 July 2019 and elected [David Sassoli](#) (Socialists and Democrats Group, Italy) as its president for the first two and a half years.

In July 2019, disregarding the “*Spitzenkandidaten*” process favoured by the Parliament, the EU heads of state and government nominated the German Defence Minister Ursula von der Leyen (VDL) as the new European Commission president-elect. For the first time in the history of the EU, a female Commission president will be at the top of this crucially important EU institution. VDL is also the first president of the Commission since Jacques Delors (1985 – 1995) not to have been drawn from among the members of the European Council.

In sync with the nomination of VDL, the EU heads of state and government also decided upon the nominations for other key political jobs vacant at the EU level:

- **Charles Michel** – As the new president of the European Council (former Prime Minister of Belgium), taking over on 1 December 2019 from Donald Tusk.
- **Josep Borrell** – As the new high representative of the Union for Foreign Affairs and Security Policy (former Spanish Minister of Foreign Affairs, EU and Cooperation), taking over from Federica Mogherini at the end of the current Commission term.
- **Christine Lagarde** – As the new president of the European Central Bank (former Managing Director of the International Monetary Fund), taking over on 1 November 2019 from Mario Draghi.²

On 17 July 2019, the Parliament endorsed the candidacy of VDL as the next European Commission president. Throughout the summer time, EU member states submitted their commissioner nominees to the president-elect. On 10 September 2019, VDL announced her team of commissioners and the attribution of portfolios, alongside their mission letters – also highlighting a better-than-ever gender balance in the new Commission.

The hierarchical structure proposed by VDL differs from the structure of the outgoing Jean-Claude Juncker Commission. New elements include three executive vice presidents (EVPs) who hold a double function as both coordinators of various policy areas and direct responsibility for a specific policy via leading a dedicated directorate general (DG). In addition to the three EVPs, there will be five vice presidents, four of which will only have coordinating roles and will not lead a dedicated directorate general, and the remaining 18 commissioners, all with at least one dedicated policy area for them to lead on.

The UK had not put forward a candidate for the VDL commissioner in the anticipation that Brexit would occur on 31 October 2019. Given that the UK has requested a delay of the Brexit deadline, it is now required to nominate a candidate for the new EU Commission team, even if the tenure of the UK commissioner may come to an end as early as January 2020.³

However, the UK announced that it would not be submitting a candidate before the UK elections, which take place on 12 December 2019. Taking into account that this decision constitutes a breach of a member state legal obligations, the EU [launched](#), on 14 November 2019, an infringement proceeding against the UK for failing to name a candidate for EU Commissioner.

On the following page is the current structure of the new EU Commission team.

¹ The European Commission is the EU's executive body with the exclusive power to formally put forward new EU legislation.

² Christine Lagarde has been succeeded at the IMF by former EU Commissioner Kristalina Georgieva (Bulgaria).

³ Following the Brexit extension until 31 January 2020, the UK is now legally obliged under recital 11 of the European Council Decision 2019/1810 to appoint a commissioner as soon as possible.

European Commission Leadership 2019 – 2024



Ursula von der Leyen
European Commission President

Executive Vice Presidents



Frans Timmermans
Executive Vice President
European Green Deal
(Commissioner for Climate Action)



Margrethe Vestager
Executive Vice President
A Europe fit for the Digital Age
(Commissioner for Competition)



Valdis Dombrovskis
Executive Vice President
An Economy That Works for Europe
(Commissioner for Financial Services)

Vice Presidents



Josep Borrell Fontelles
High Representative of the Union for Foreign
Affairs and Security Policy/ Vice President
Stronger Europe in the World



Maroš Šefčovič
Vice President
Interinstitutional Relations and Foresight



Věra Jourová
Vice President
Values and Transparency



Dubravka Šuica
Vice President
Democracy and Demography



Margaritis Schinas
Vice President
Promoting our European Way of Life

Commissioners



Johannes Hahn
Budget and Administration



Phil Hogan
Trade



Mariya Gabriel
Innovation, Research, Culture, Education and Youth



Nicolas Schmit
Jobs and Social Rights



Paolo Gentiloni
Economy



Janusz Wojciechowski
Agriculture



Elisa Ferreira
Cohesion and Reforms



Olivér Várhelyi
Neighborhood and Enlargement



Stella Kyriakides
Health and Food Safety



Didier Reynders
Justice



Adina Vălean
Transport



Helena Dalli
Equality



Thierry Breton
Internal Market



Ylva Johansson
Home Affairs



Janez Lenarčič
Crisis Management



Jutta Urpilainen
International Partnerships



Kadri Simson
Energy



Virginijus Sinkevičius
Environment, Oceans and Fisheries



The UK announced it will submit a candidate after the UK elections. The delay is, nevertheless, constituting a breach of member state legal obligations. Consequently, an infringement proceeding against the UK was launched.

It has to be noted that the initial team composition of the VDL Commission looked slightly different. In early October 2019, the Parliament rejected for the first time a French commissioner nominee, Mrs. Sylvie Goulard, after holding two parliamentary hearings. The rejection took place mainly due to concerns resulting from ongoing investigations in France and the potential impact on her reputation as a future commissioner. Earlier, the Legal Affairs Committee of the Parliament had already ruled out the proposed Romanian (Rovana Plumb) and Hungarian (László Trócsányi) nominees prior to their parliamentary hearings due to apparent conflict of interests.

In early November 2019, VDL approved the new nominees by the French, Hungarian and Romanian governments: Thierry Breton (former CEO of tech company ATOS), Oliver Varhelyi (former permanent representative of Hungary to the EU) and Adina Valean (the chair of the Industry, Research and Energy Committee of the Parliament), respectively.

The Legal Affairs Committee approved their candidacies on 12 November. Following the written responses and the Parliamentary Hearings, the respective Committees approved Thierry Breton and Adina Valean on 14 November, and Oliver Varhelyi on 18 November 2019. The Council of the EU [approved](#) the appointment of new Commissioners from 26 EU Member States – all except the UK – on 25 November 2019. The Parliament formally [endorsed](#) the College of Commissioners on 27 November 2019, followed by the European Council [approval](#) on 28 November 2019 which allowed the new VDL Commission to officially start on 1 December 2019.

Policy Priorities

Commission President Ursula von der Leyen (VDL) recently presented a first glance of her [political guidelines](#) for the next five years, which were clearly inspired by the priorities of the European Council's [Strategic Agenda 2019 – 2024](#). The VDL Commission intends to be a “geopolitical Commission”, building on the work of the previous “political” Commission led by Jean-Claude Juncker. The geostrategic focus of the new EU Commission underlines the desire to increase Europe's assertiveness at the global level, and is visible in many elements of the priorities and suggested new measures of the VDL team.

The political guidelines are focusing on six main ambitions for Europe for the coming five years:

1. A European Green Deal
2. An economy that works for people
3. A Europe fit for the digital age
4. Protecting our European way of life
5. A stronger Europe in the world
6. A new push for European democracy

The listed ambitions capture policy areas that VDL believes are necessary to address the needs and concerns of European citizens, and are also reflective of the challenging external operating environment. To support each strategic ambition, the Commission services are contemplating a range of specific measures, which the Commission may put forward as legislative or non-legislative measures in the near future.

Trade is sure to be an early high-profile issue for the Commission, given the approach of the Trump Administration and the aspiration to extend the EU's network of Free Trade Agreements. The Commission's focus on the environment opens the way for the EU to try to achieve global leadership on climate change. The digital ambitions look more challenging, partly because the EU has just agreed a package of measures that took reform as far as the member states and Parliament would accept. In other areas, the expectation may be more continuity than radical change.

We next examine a range of key policy areas in order to distil the general direction of travel in terms of new EU policy priorities.

Environment/Climate Action

One of the most important and horizontal policy areas under the VDL Commission will be the broader area of sustainability under a hallmark initiative: the European Green Deal, to be coordinated by EVP Frans Timmermans,

Specific policy initiatives in this key focus area could include:

- Increasing the EU's emission reduction targets for 2030 progressively from 40% to 55%
- Introducing within the first 100 days a European Climate Law, which would enshrine the 2050 climate-neutrality target into legislation
- Creating a new biodiversity strategy for 2030 that would tackle issues linked to deforestation and sustainable seas and oceans, among others
- Working towards a new Circular Economy Action Plan 2.0 with a strong focus on sustainability: increased requirements regarding recycling/recyclability (including voluntary measures, such as the Circular Plastics Alliance), and also (plastic) waste prevention
- Developing a “Farm to Fork” strategy for sustainable food production
- Introducing measures towards a zero-pollution policy at the EU level; such cross-sectorial measures are expected for the transport, agriculture, chemical and other sectors
- Reinforcing efforts towards reducing marine litter towards plastic-free oceans; a crucial issue that would continue to be addressed is the issue of microplastics
- Putting forward a Sustainable Europe Investment Plan, expected to unlock €1 trillion of climate-related investments

Digital Economy/Technology

EVP Margrethe Vestager is considered to be one of the “heavyweights” in the new Commission and will have an important dual role, both as top EU competition law enforcer and digital policy setter. She will drive forward the key new priority to make Europe fit for the digital age. EVP Vestager will be leading on various digital files, along with the French Commissioner, Thierry Breton.

The new EU umbrella strategy, “A Europe fit for the digital age”, will include a broad range of measures, such as:

- Coordinating the work on artificial intelligence (AI), including possibly introducing a light-touch regulatory regime regarding the human and ethical implications of AI within the first 100 days of the VDL Commission
- Introducing a new Digital Services Act, which is anticipated to *inter alia* revise the liability and safety rules for digital platforms (expected by the end of 2020)
- Initiatives towards enhancing Europe’s technological sovereignty, particularly on technologies such as blockchain, high-performance computing, algorithms, data-sharing and data-usage tools
- Recommending standards for the 5G network deployment and security
- Ensuring the full implementation of the General Data Protection Regulation (GDPR), which is due to be reviewed in May 2020
- Advancing the work on cybersecurity issues, especially on certification and implementing rules on security and information systems, among others
- Reinforcing the modernisation of key transport systems (in close collaboration with the transport commissioner), in particular by ensuring digital innovation within connected and automated mobility (e.g. in connected cars)

Taxation

Tax matters have been gaining more and more political relevance and interest over the past few years. As such, we expect a few new policy initiatives under the VDL Commission, including:

- The deliberations at the OECD level on a tax regime for the digital economy are ongoing, with the aim to agree on a global approach by the end of 2020; VDL has made it clear that, should the OECD process fail to deliver by that deadline, EVP Vestager, along with Economy Commissioner Paolo Gentiloni, will put forward a revised EU digital tax proposal
- Reviewing of the European Energy Tax Directive towards promoting environmentally sustainable technologies; the transport and maritime sectors are very likely to be impacted by this initiative; there are also indications that the Commission services are considering a kerosene tax

- Proposing a World Trade Organization (WTO)-compatible Carbon Border Tax is another top priority for the VDL Commission as part of the broader climate goals; the aim here would be to create a level playing field EU operators and importers (addressing carbon leakage)
- Continuing ongoing initiatives, such as the proposed directive on a common consolidated corporate tax base, the proposal to introduce qualified majority voting rules on taxation matters (that would dramatically speed up the adoption process on taxation and VAT-related initiatives) and the blacklist of non-cooperative tax jurisdictions

Industry and Competition

The Vestager role is a particularly interesting development. EVP Vestager was one of the undoubted stars of the Jean-Claude Juncker Commission and retains her competition portfolio. The competition commissioner has always been distinct from other commissioners in having direct investigation and enforcement powers. EVP Vestager now sees this role combined with the oversight of the “fit for the digital age” priority, on which she will work closely with Commissioner Breton. This mix of enforcement and policy roles is perhaps recognition that the digital economy has given rise to some questions about the way in which competition law applies (a subject about which EVP Vestager commissioned a report earlier this year). It is worth noting the great breadth of Commissioner Breton’s portfolio, combining digital, internal market and defence, the first two of which have traditionally had individual commissioners assigned to them.

We expect the following measures to be addressed in this context:

- A long-term industrial strategy that focuses on businesses of all sizes. Some of the dimensions of the new industrial strategy will include:
 - Investments in innovation and research and development
 - Considering competition aspects to ensure a level playing field that provides the right set of incentives to businesses to invest, innovate and grow
 - Developing tools and policies to tackle the effects of third country ownership and subsidies in the EU’s internal market
- Evaluation and review of the EU’s competition rules, including the antitrust regulations, the merger control and the review of the state aid rules
- A sectoral inquiry in the digital sector would be one of the priorities within the competition remit, which would support evidence-based policymaking
- A new strategy for SMEs, with a focus to support small businesses, entrepreneurs and start-ups by reducing regulatory burdens

Trade

As part of the ambition to become a stronger Europe in the world, we will see trade matters remain an absolute priority for the VDL Commission. A notable difference with the previous Commission is the intention to appoint a chief trade enforcement officer, who will be tasked with monitoring and ensuring compliance with existing trade agreements. The Irish Commissioner for trade, Phil Hogan, is expected to also consider measures related to:

- Launching an initiative to reform the World Trade Organization WTO, especially on subsidy matters
- Putting forward various third-country focused initiatives to ensure the:
 - Full reciprocity in public procurement
 - Strengthening EU's trade defence measures, especially in response to unfair trade practices
 - Full implementation of the EU's screening mechanism for foreign direct investments
- Reinforcing Europe's leadership in trade remains a top priority. Specific priorities include:
 - Working towards a trading partnership with the US
 - Accelerating negotiations on a comprehensive agreement on investment with China
 - Prioritising a trade and investment partnership with Africa
 - Concluding ongoing trade negotiations (e.g. Australia and New Zealand)

Financial Services

EVP Valdis Dombrovskis will continue his work as commissioner in a new dual role as coordinator of the various economy-related portfolios (i.e. economy, taxation, jobs, trade, cohesion and reforms), as well as key policymaker for the financial services portfolio.

Some of the key policy initiatives in the financial services area will include:

- Completing the work towards the banking union and speeding up the work towards the capital markets union
- Rethinking the EU approach on the Anti-Money Laundering (AML) regime from a legislative and supervisory standpoint, and moving into the direction of a true single market, including on AML matters; a concrete idea is that an independent EU agency would be created (or an existing agency tasked) to supervise the enforcement of AML rules on an EU-wide basis
- Developing a green financing strategy that would focus on investment towards transitioning to a climate-neutral economy
- Putting forward a new strategy for the fintech sector and an EU response on cryptocurrencies (including a regulatory response to LIBRA)

Defence and Space

The VDL Commission elevates defence and space policy in terms of priority, including by creating a new directorate general on defence industry and space, which will be headed by the French Commissioner Thierry Breton, who will also be responsible for the important policy areas covered by DG GROW (Industry) and DG CNECT (ICT sector).

Some of the key initiatives in this policy area may include:

- Managing the European Defence Fund for cross-border collaborative projects, which would incentivise SMEs participation
- Leveraging the existing funds in the Connecting Europe Facility, as well as the dual-use infrastructure projects to improve military mobility; an action plan on military mobility is foreseen as a future initiative
- Continuing the implementation of space programmes, such as Galileo and EGNOS, as well as satellite navigation systems and Copernicus
- Ensuring the crucial link between space, defence and security is improved, especially on issues linked to emergency services, peacekeeping operations and crisis management

Next Steps

The VDL Commission took office on 1 December 2019. Its mandate will last until end October 2024, thus for the coming 5 years.

A detailed work program determining how the political priorities will be turned into specific legislative or non-legislative initiatives is expected to be published in Q1 2020.

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