



# deliver eu

## menu

### President Juncker's legacy and the future of the EU

President Juncker's legacy will be the centrepiece of this year's State of the Union: he will focus on highlighting what has already been achieved and what he envisions will be accomplished by the end of his term. The President should take the opportunity to show how all the work he has carried forward so far, through dialogue with the European Parliament and the Council, visits to Member States and stakeholder engagement, will come together and be the catalyst for the Future of Europe. The speech will not be focusing on Brexit, but rather stress that it is time for Europe to show it is now more united than before and take important steps forwards.

### Brexit

It seems unlikely that the State of the Union speech will not cover Brexit, though given the commission's wish to show that business is ongoing in Brussels and the EU is moving forwards, it is reasonable to expect this will not be the crux of the speech. Given the current state of negotiations however we can expect some criticism of the UK position and concern expressed over the slow movement towards a state of 'sufficient progress' to move forwards to discussions over the future relationship.

This continues to have significant implications for business across all sectors, particularly for anyone with supply chains on either side of the English Channel and service sectors who operate in both jurisdictions. In particular the risk of 'no-deal' Brexit continues to exist, even after the UK's June General Election. FleishmanHillard continues to closely monitor the negotiations, and works with our clients to ensure they are fully aware of the potential implications of Brexit both at a macro-political level and at a detailed level for each sector.

### Trade

Following the landmark ruling by the European Court of Justice on the aspects of free trade agreements which require the involvement of national parliaments, Juncker might outline mandates for new trade negotiations with New Zealand and Australia confined to areas of exclusive EU competence. Recent developments with CETA have demonstrated the need for more transparency and open dialogue in trade negotiations.

The speech could therefore be an opportunity for President Juncker to announce the publication of negotiating directives and the setting up of a Commission expert group with stakeholders on the negotiations. Simultaneously, growing concerns over foreign takeovers of EU companies has encouraged the Commission to start working on a proposal to screen foreign direct investment, particularly from China. Emboldened by France and Germany's support, Juncker will however have to toe a cautious line with those Member States that have strongly benefited from such investment over the last decade.

### Financial Supervision & Eurozone

Brexit has triggered a fundamental discussion about the future of financial supervision in Europe, and Mr Juncker will likely address the coming revision of the functioning and role of the EU's financial regulatory agencies – which we expect will result in a strengthening of these pan-European bodies' role. Elsewhere, reforming the Eurozone's governance is now firmly on the agenda, as both President Macron and Chancellor Merkel consider it a priority in the coming months. Although we expect the President to address Eurozone reforms, we do not expect him to come with a firm Commission position on how these reforms should look like just yet.

### Energy & Climate

European institutions are currently negotiating key implementing legislation to deliver on the 2021-2030 targets agreed in Paris. The European Commission proposed a reform of the Emissions Trading Scheme to achieve the EU binding target of -40% GHG emissions reduction by 2030, as well as a reform of the Energy Efficiency and the Renewable Energy Directives to deliver on the two new energy targets agreed for 2030. On top of this, European institutions are negotiating a major overhaul of the internal electricity market design, which aims to strengthen and integrate renewable energy and promote further energy efficiency and decentralized energy generation.

The climate and energy legislative package is key for setting up the framework for investments in the energy and industry sectors over the next decade. In his speech, Juncker is expected to reaffirm Europe's global leadership on climate change and address a strong message to President Trump regarding his decision to withdraw from the Paris Agreement. A successful outcome of the institutional negotiations in 2018 would be seen as one of the main political achievements in Juncker Commission's agenda and provide an argument to reaffirm Europe's leadership.

### Digital Agenda

The Digital Single Market Strategy is entering its last phase. While important legislative files are still awaiting adoption (Copyright, Electronic Communications Code, ePrivacy and Geo-blocking), the Commission is committed to further pursue the development of a true Digital Single Market. To that end, we expect President Juncker to address the new Cybersecurity Strategy, which will try to ensure a safer online environment and tackle cyber threats. The recent WannaCry and NotPetya cyberattacks are perfect examples for the President to call upon.

Alongside securing the Digital Single Market, he will certainly touch upon the free flow of data across Member States, the pet project of his Vice-President Andrus Ansip. This will enable the free circulation of data across Member States, and has been championed by the Council's Estonian Presidency. Both Cybersecurity and data flows are true cross-border issues where EU action can have a clear added value. Nonetheless, expect opposition from certain MEPs and Member States as they try to exert their own political preferences.

### Mobility

With recent data showing that transport emissions are still growing, decarbonisation will remain at the top of the agenda. The Commission needs to provide clarity on the post-2020 emission standards for cars, vans and, for the first time, heavy-duty vehicles, as OEMs invest in new technologies and powertrains. We also expect the President to highlight the Commission's recent proposals to reform the road haulage market in the Mobility Package, most notably on the posting of workers. He will need to convince his audience that the Commission can halt 'social dumping' of drivers, while at the same time preserves the principle of free movement of workers in the Single Market.

### Environment

Although a number of environmental dossiers are on this Commission's agenda (REACH review, the implementation of the Circular Economy package, the long-awaited criteria for endocrine disruptors, etc), President Juncker will likely not address these in his speech. More prominent political issues will certainly be prioritized (Future of the EU, Brexit, etc.). That being said, should he decide to mention environmental policies, we expect broader statements reiterating the EU's commitment to lead on safety, sustainability and transparency.

### Health

While several health dossiers are currently on this Commission's agenda (IP incentives review, antimicrobial resistance (AMR), cross-border cooperation and health technology assessment etc.), it is unlikely the speech makes direct reference to these topics. If President Juncker does mention healthcare in his speech, we expect it to focus on how we can keep Europe's healthcare systems sustainable, primarily by improving the health of EU's citizens. That being said, we'll be watching to see if he mentions AMR following the criticism he received last year for leaving it out.

### Food safety

Despite the recent 'dual foods' and egg scandals having forced both President Juncker and the Commissioner for Health and Food Safety to react publicly and reassure consumers, with no legislative files in the pipeline on food regulation, we do not expect the topic to feature in President Juncker's speech. While consumer safety remains a top EU priority and could be framed within wider discussions on Member States integration and accountability, ultimately the issue is unlikely to take centre stage.