

## COMMENTARY

# The von der Leyen Commission: On trial again



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*When the dust finally starts settling from the COVID-19 crisis, von der Leyen will have to refocus on her original agenda. Will she deliver?*

Fast-forward five months, Commission President von der Leyen will deliver her second State of the Union address. In effect, it will be her mid-mandate speech and chance to turn the corner from her disappointing management of the pandemic. New waves of the virus might still hit, but by then, vaccinations levels will likely offer Europeans and EU institutions the long-sought reprieve to focus on recovery and the future.

At its inception, von der Leyen's Commission formulated bold and inspiring promises ([https://ec.europa.eu/commission/presscorner/detail/en/speech\\_19\\_6408](https://ec.europa.eu/commission/presscorner/detail/en/speech_19_6408)): a European Green Deal and climate neutrality by 2050, making the 2020s Europe's Digital Decade, a stronger, geopolitical Europe. The seven-year Next Generation EU budget and its €672.5 billion Recovery and Resilience Facility (RRF) increase the means to deliver on these

substantially.

These four, highly ambitious priorities stand as a formidable test for the remainder of von der Leyen's mandate. It is a trial that she – and the EU – cannot afford to fail. By September, she will need to prove that she can transform her Presidency and deliver on these expectations.

**Test 1: Delivering the recovery, "Europe's moment" ([https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_940](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940))**

As the 27 national Recovery and Resilience Plans (<https://www.epc.eu/en/Publications/National-Recovery-and-Resilience-Plans-Empowering-the-green-and-digit~3e58f0>) (RRPs) are being put on the table, the Commission must show its clout and acumen by ensuring that they deliver on the fundamental RRF priorities (<https://www.bruegel.org/2020/10/european-union-recovery-funds-strings-attached-but-not-tied-up-in-knots>). At best, money well spent will support the green and digital transitions and strengthen territorial and social cohesion. At worst, member states will recycle and greenwash old spending plans and waste another opportunity to harness digital technologies for convergence and competitiveness.

The first indications of Italy's national plan point to a proper transformational drive (<https://www.ilfoglio.it/politica/2021/04/24/news/perche-il-recovery-di-draghi-e-anche-un-capolavoro-neoliberista-2284420/>), but not without tensions with the Commission ([https://www.corriere.it/politica/21\\_aprile\\_25/draghi-alza-telefono-avverte-von-der-leyen-basta-cosi-l-italia-ci-vuole-rispetto-d26e78cc-a541-11eb-b217-273add3a391e.shtml](https://www.corriere.it/politica/21_aprile_25/draghi-alza-telefono-avverte-von-der-leyen-basta-cosi-l-italia-ci-vuole-rispetto-d26e78cc-a541-11eb-b217-273add3a391e.shtml)). When the Council reviews the spending plans in July, the Commission will have to show that all member states have been treated equally. If big member states like Germany or France are given an easy pass, the Commission's credibility will be on the line.

The pay-out of what has been promised is another imminent test. The Commission must raise up to €70 billion on financial markets by September to deliver the 13% pre-financing payment (<https://www.reuters.com/article/us-eu-recovery-gentiloni-idUSKBN29Q1Q1>) to each member state. Although the German Constitutional Court's provisional green light (<https://www.epc.eu/en/publications/Why-the-German-Constitutional-Court-will-probably-not-kill-the-750~3d5ef0>) came as a relief, difficult debates on some member states' ratification of the own resources decision (e.g. Poland) still await. Ultimately, it is unlikely that the funding will be held up by capitals, as the price of delaying and failing is simply too high. But the Commission and its president, who has put the delivery of the funds under her direct authority, will certainly feel the heat of expectations. By continuing to use this website you are giving consent to cookies being used.

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In any case, the optics will be difficult this autumn. Delivery and impact will be compared

with Biden's \$1.9 trillion fiscal stimulus, and the US' return to or above pre-pandemic growth rates. From the outset, there is a communication problem at the heart of the EU's plans: disbursed over six years, it is not a crisis bazooka to kickstart growth (<https://epc.eu/en/publications/The-European-Semester-must-acknowledge-that-the-EU-recovery-fund-is-no~3a51b0>). It is essentially a structural reform instrument – and only if it is put to proper use.

Should EU growth remain anaemic, this will lead to much bigger economic and policy problems. More money will be needed faster, as will reforms of the spending rules in the Stability and Growth Pact, as already voiced by France. Calls will undoubtedly intensify in the coming months if opportunity and income inequalities exacerbated by the pandemic are not effectively dealt with and political repercussions start to show.

## **Test 2: The European Green Deal “first and fast” ([https://ec.europa.eu/neighbourhood-enlargement/news\\_corner/news/european-green-deal-sets-out-how-make-europe-first-climate-neutral-continent-2050\\_en](https://ec.europa.eu/neighbourhood-enlargement/news_corner/news/european-green-deal-sets-out-how-make-europe-first-climate-neutral-continent-2050_en))**

In December 2019, von der Leyen and First Vice President Timmermans presented the Green Deal, promising to “[show] the rest of the world how to be sustainable and competitive”. In essence, the Deal is a two-track affair. On the one hand, the mainstreaming of climate and green priorities in spending and investment is undeniably helped by the EU's new ambitious spending plans, but therefore the European Green Deal also stands or falls with their funds' effective delivery. On the other, the Green Deal is a fast-tracked regulatory drive that aims to deliver essential legislation on climate change, the circular economy, pollution and biodiversity loss ‘first and fast’.

Is the Commission on track to deliver this fundamental transformation? The Green Deal does come out of the pandemic with momentum (<http://www.politico.eu/article/how-eu-climate-change-promises-survived-the-coronavirus-plague/amp/>). President Biden's recent climate summit and announcements have upped global ambitions, and a race to the top is welcome. But on both sides of the Atlantic, the true test lies in turning bold words into action (<https://www.epc.eu/en/Publications/The-European-Green-Deal-A-promising-start-and-a-long-road-ahead~2da1a4>).

A flagship upon which the EU can credibly claim leadership is last week's *#EUTaxonomy* ([https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_1804](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1804)) proposal, aiming to channel financial markets and private investment from ‘brown’ to ‘green’ investments. It was born in controversy, as key environmental and consumer organisations suspended their participation (<https://www.transportenvironment.org/press/greenwashing-eu-finance-law-sparks-walk-out-experts>) in reaction to the classification of forestry practices and highly emitting biomass as sustainable. Difficult decisions on agriculture, nuclear and natural gas have been pushed to later. *#EUTaxonomy* remains a highly transformational tool, although its full effect will have to be judged over the next

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years.

This first spat could be a taste of things to come. Non-governmental organisations regularly complain that the Commission's green credentials and delivery are held up because of poor resource allocation (<https://www.politico.eu/article/wonk-guide-from-european-green-deal-to-real/>). And the bigger test for von der Leyen and Timmermans is still ahead, as a mega-package of legislation (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0562>) covering the Emissions Trading System, energy efficiency, renewables, land use and border tax goes to Parliament and Council before the summer. Should it clog up as lobbying interests from aviation and shipping to cars come out in full force, it will point to a broader problem of method and lack of inter-institutional ownership. Common Agricultural Policy reform (file:///C:/Users/User/AppData/Local/Temp/The%20Farm to Fork Strategy and the inconvenient truth (epc.eu)) is another future test of the EU's commitment.

Ultimately, this Green Deal must also be about tomorrow's growth and prosperity. With a number of world-leading "green" companies, Europe now has the chance to create a competitive industrial base in new fields such as hydrogen, fuel cells and clean steel. But we could also lose out yet again to the US and China if they press ahead with more speed and resources than Europe can muster collectively. The stakes are high: Europe cannot afford that this 'first and fast' European Green Deal ends as a Berlaymont chimera.

### **Test 3: "Making this Europe's Digital Decade" ([https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_983](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_983))**

Empty words are a predicament that the Commission knows all too well from its past digital and industrial strategies. In a few days it will launch its fourth industrial strategy in seven years ([https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en)). If the shelf-life is one to three years, many would argue it is in fact not a strategy.

But this criticism would be unfair. Commissioner Thierry Breton has put strategic thinking and new energy into the portfolio, aiming to address both the structural economic parameters ([https://www.epc.eu/content/PDF/2021/Industrial\\_Strategy\\_PB.pdf](https://www.epc.eu/content/PDF/2021/Industrial_Strategy_PB.pdf)), such as R&D, finance and trade policy, and the lack of 'deep technologies' (<https://www.epc.eu/en/publications/Chips-on-our-shoulder-Is-Europe-neglecting-design-in-its-semiconducto~3c341c>) in Europe. And the Commission's recent AI proposal – the first law of its kind – does not shy away from tackling some of the difficult issues (<https://twitter.com/GRiekeles/status/1384882263217815554?s=20>).

This website uses cookies. By continuing to use this website you are giving consent to cookies being used. Still, Europe as a whole has a problem in following up on its promises. The lofty aims of the Lisbon (2000) and Europe 2020 (2010) strategies oversaw two decades of slow

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adoption of digital technologies across the economy (<https://www.epc.eu/en/Publications/When-will-the-EU-finally-get-serious-about-digitalising-its-businesses~3c053c>) and a withering manufacturing and technological base. Since 2016, only 10% of new entrants (<https://www.eib.org/en/publications/investment-report-2020>) into the top 2,500 R&D firms were European, compared to 32% for the US and 39% from China. The Commission's latest digital strategy, Digital Compass, will make a difference not through objectives and rhetoric (<https://www.friendsofeurope.org/insights/the-eus-digital-compass-is-no-road-map-to-success/>) but via joined-up action and the delivery of real outcomes (<https://www.epc.eu/en/Publications/Fostering-Europes-Strategic-Autonomy--Digital-sovereignty-for-growth~3a8090>).

The ever-returning debate on the EU's capital markets union is a case in point. Brexit has done half the job, amplifying both opportunity and need. The funding that will deliver European unicorns will not come from banks alone. The Commission now must move decisively to integrate capital markets, to equip Europe with deep capital pools capable of financing investment and innovation. That requires von der Leyen to press EU leaders into bold moves on harmonised supervision, insolvency policies and common corporate tax (<https://www.institutmontaigne.org/en/blog/brexit-and-covid-19-why-europe-needs-capital-markets-union>), seizing the new momentum in OECD corporate tax talks.

The EU must also significantly lengthen its time horizon. Marketable quantum technologies are not expected anytime soon, so there is time to catch up from our weak position. But only if we are ready for a "quantum leap" in innovation infrastructure and support (<https://epjquantumtechnology.springeropen.com/articles/10.1140/epjqt/s40507-021-00095-x>), with payoffs only decades into the future. The US understands that it is in a tech superpower marathon (<https://www.brookings.edu/research/preparing-the-united-states-for-the-superpower-marathon-with-china/>) with China. Europe must too, if we are not to both lose out on tomorrow's prosperity and "disappear geopolitically" (<https://www.economist.com/europe/2019/11/07/emmanuel-macron-warns-europe-nato-is-becoming-brain-dead>), as warned by President Macron.

#### **Test 4: The geopolitical Commission "that Europe urgently needs" ([https://ec.europa.eu/commission/presscorner/detail/es/speech\\_19\\_6408](https://ec.europa.eu/commission/presscorner/detail/es/speech_19_6408))**

In her first Brussels press conference (<https://www.politico.eu/article/meet-ursula-von-der-leyen-geopolitical-commission/>) as Commission President, von der Leyen said she would lead a "geopolitical Commission", even chastising Finland and France for their lack of ambition on border security and Western Balkan enlargement. And rightly so: Europeans will not believe in Europe if the ~~Union~~ is incapable of making its voice heard on the international stage, whether it be on climate, migration or peace and stability.

This website uses cookies. By continuing to use this website you are giving consent to cookies being used. And yet, the EU's recent blunders in Moscow (<https://www.epc.eu/en/publications/EURussia-relations-Adding-insult-to-injury~3cf054>), Ankara (<https://www.epc.eu>)

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/en/publications/EU-crash-course-in-geopolitics-Lessons-from-the-foreign-policy-battl~3d1e7c) and, perhaps most critically, vis-à-vis Kiev ([https://www.liberation.fr/international/europe/ursula-von-der-leyen-la-diplomatie-une-affaire-qui-lui-est-etrangere-20210414\\_3LBQSOMDVZEWLCS3HPYBRFZWE/](https://www.liberation.fr/international/europe/ursula-von-der-leyen-la-diplomatie-une-affaire-qui-lui-est-etrangere-20210414_3LBQSOMDVZEWLCS3HPYBRFZWE/)) have left Brussels and the European capitals with the uneasy feeling that von der Leyen's 'geopolitical Commission' is merely an easy pun on the Juncker's 'political Commission'. This ambition will require more joined-up efforts between institutions and with EU capitals that, by their history or capacities, are often the most capable of acting.

Clearly, for a geopolitical EU to take hold, the onus is not only on von der Leyen. Nord Stream stands as a glaring example of member states' discrepancy in rhetoric and action (<https://www.dw.com/en/germany-offered-us-dirty-deal-to-drop-nord-stream-2-sanctions/a-56517249>), undermining not only the Green Deal but also the EU's energy security and common stance on Russia and Ukraine. From stabilisation efforts in the Sahel to EU-China relations and the Indo-Pacific (<https://www.epc.eu/en/publications/It-has-taken-time-but-the-new-EU-ASEAN-Strategic-Partnership-matters~3a2e88>), the areas where a deeper unity of action must be found are legion.

Fortunately, some arrows point in the right direction: Europe can count again on a high-minded United States. Europeans must show that they are ready for frank and equal partnerships and common action on security and major global issues with other democracies worldwide. But make no mistake, the US will not do for us what we are not ready to do for ourselves. The EU must continue to break new ground (<https://www.egmontinstitute.be/eu-and-nato-strategy-a-compass-a-concept-and-a-concordat/>) in security and defence in a spirit of complementarity with NATO.

All in all, the Commission is called to play an increasing role. In today's geopolitics, rivalries and conflicts often crystallise on trade, economics and technology ([https://ecfr.eu/article/commentary\\_the\\_makings\\_of\\_a\\_geopolitical\\_european\\_commission/](https://ecfr.eu/article/commentary_the_makings_of_a_geopolitical_european_commission/)). And therefore, so must our foreign policy.

## Time to reset

Von der Leyen's Commission mandate could continue as a gruelling trial, exposing the most fatal of political errors: overpromising and underdelivering. But this need not be the case.

Many of the means to deliver are there: the Commission is a top-notch administration of great resources and talents, but it sometimes doubts whether it is trusted and put to the test. The College of Commissioners holds significant political experience and insight, but has, at times, been eclipsed by the pandemic and the President's leadership style. And, crucially, EU institutions and member states have shown, not least in the context of

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Brexit, that they can put their differences aside and unite to deal with common urgencies and priorities.

The jury is still out, but the coming months call for a reset of leadership and methods. The stakes for Europe could not be higher.

*This Commentary will be followed up by a second piece, "The von der Leyen Commission: Time to reset", with proposals on the Commission's working methods and EU governance.*

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