

PAC Policy Insights - 16 Jan 2025

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1. Upcoming EU policy agenda

[Visual: number of upcoming proposals by category](#) + [Full list of proposals](#)

Commission work programme currently expected for 11 Feb - but it could be delayed.

About 10 proposals coming up by the end of February - including highly expected files:

– Regulatory Simplification Initiatives -> notably the Omnibus simplification package

Key to watch: will EPP focus on right wing coalitions (towards bigger deregulation) OR finding a compromise with the centre groups (for a more moderate outcome) ?

– Industrial policy agenda:

- “Competitiveness compass”, economic doctrine for the rest of the mandate
- [“New clean industrial deal”](#)

Biggest issue: how to fund the industrial transition given the budgetary constraints

The Commission will also propose:

- An Industrial Decarbonisation Accelerator Act
- A new European Competitiveness Fund
- Completing the Capital Markets Union

– On the environment:

- A New Circular Economy Act,
- [A new Chemicals Industry Package](#),
- A new European Water Resilience Strategy
- European Climate Law 2040 target

Note: Commissioners with environmental portfolios (from France, Spain, Sweden, Netherlands) tend to have a “greener” orientation than the rest of the college

Main proposal for agriculture -> [Vision for Agriculture and Food](#):

- To include a review of EU food labelling legislation, focus on food marketing to children, a revision of the animal welfare legislation etc.
- Key for agriculture: negotiations on Mercosur deal (which puts France against Germany, and agricultural sector against export-oriented industries)

Key digital reports:

- European Democracy Shield,
- Digital Networks Act,
- Digital Fairness Act → US to push back against EU digital regulation
- initiatives to ensure AI is developed in the EU ex: AI Factories Initiative, EU Cloud and AI Development Act etc.

– Initiatives on defence:

- Commission's "white paper" on funding more defense spending (main opposition to joint borrowing for defence: Germany and neutral countries, while Nordics are supportive)
- Complete Single Market for defence products and services
- New Defence Projects of Common European Interest (e.g. a European Air Shield)
- new focus on cyber and hybrid threats (e.g. New horizontal set of restrictive measures against hybrid threats)

– Energy & Transport -> [Review of CO2 standards for cars](#) (push to re-open the file)

– Financial sector -> A European Savings and Investments Union, Completing Capital Market Union

– Health -> strong focus on security: Critical Medicines Act, initiatives on preparedness (A Preparedness Union Strategy), economic security (Economic security strategy), etc.

Important: Commission's priorities will change [along with the priorities of voters](#) -> latest Eurobarometer:

- prices still highest priority
- migration rising in importance
- climate change and international situation declining in importance

2. Balance of power in the new European Parliament

- [EPP is winning the most votes in the new term](#) (in the 2019-2024 term, [Renew was kingmaker](#))
- [Amendments by Patriots and ESN are not impossible to pass \(even if a small minority\), which is different than in the past EP term](#). However, most of the time, [EPP continues to side more often with the centre-left than right-groups](#) (depending on the topic)
- EPP's "flexible" approach backfires -> 2 parliamentary reports failed to gain a majority in the plenary— on EU budget and smoke-free environments. On some issues, the groups from the left and the right together can outvote the centrist groups. For example, the [Amendment by ECR on pharma transparency was rejected by only 14 votes](#)

3. High politics influence on EU agenda

As **national leaders find increasingly difficult to stay popular and govern**, their focus and narrative stays more "domestic". This helped VdL consolidate her grip and the Commission has a window of opportunity to strengthen its regulatory power and political profile.

The post Feb 2025 German government, under CDU, will be more aligned with VdL, but, under pressure from AfD could demand to revise EU proposals from the past mandate such as due diligence, CO2 standards etc.

Trump's direct impact on Europe's policies and economy: tariffs, defence, energy policy, security (potential freezing of Ukraine's conflict in 2025), Greenland.

Trump's indirect, socio-political impact on Europe, likely bigger than in 2016:

- we observe shifts in the positioning of the US companies: trend to alignment with conservatives on content moderation / freedom of speech, climate
- government efficiency supervisor DOGE: will this be spilled to the EU too ?
- explicit immediate involvement in European politics (UK, Germany, Romania), in order to "build" allies.

This, combined with EU-US diverging on key policies like digital, climate, economic recession and consolidation of anti-establishment forces will likely lead to calls for increasing scrutiny of European Commission's legislative output & administrative efficiency, spending.