

State of the Union 2025



*From promise
to progress:
first year in office*

Von der Leyen Commission
2024-2029



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Introduction: Europe's choice

Last year, **between 6 and 9 June 2024, almost 200 million Europeans in 27 countries** cast their ballots to elect their representatives in the European Parliament. It was the moment of **Europe's choice**.

Turnout was the highest it had been in 20 years. This is proof that Europeans care about our Union and expect it to deliver on the challenges ahead. And this is the mission that the new Commission has taken on – to deliver on our citizens' expectations and aspirations.

The world around us is more conflictual and competitive than it has been in the last decades. The events since the beginning of the year underscore a new geopolitical reality: the age of great-power competition is back. The security architecture that Europe was able to rely on since the end of the Cold War can no longer be taken for granted.

Likewise, **economic competition has become much harsher and can no longer be seen as separate from security issues.** The mastered energy crisis resulting from Russia's full-scale invasion of Ukraine is one example. But we are also seeing this today in the transactional power play involving critical supply chains and trade relations. This has direct consequences for European companies. They demand protection

from unfair competition and that we do our utmost to create a conducive environment for business in Europe. Europe is making great efforts to foster its position as a competitive continent for traditional industries and to become an even more attractive place for pioneers in clean tech and artificial intelligence (AI). People across our Union want action to address **inflation, the cost of living, energy prices, the housing crisis** and the growing impact of **extreme weather events**.

These are the main challenges that the new von der Leyen Commission has been tackling since the start of the mandate on 1 December 2024. We have worked for a strong and competitive Europe, in line with President **von der Leyen's political guidelines for 2024–2029**.



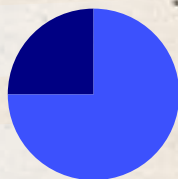
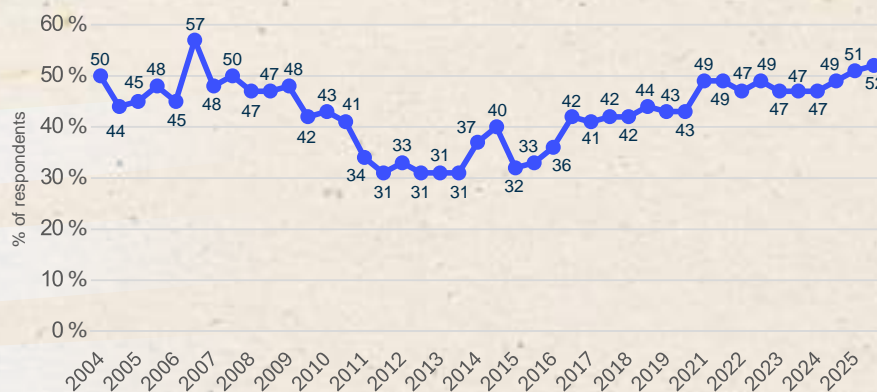
According to the Eurobarometer, Europeans, especially young people, have expressed their highest degree of trust in the EU and the Commission in 18 years, at 52 %. Three quarters of respondents (75 %) say they feel

they are citizens of the EU, the highest level in more than two decades, and almost 7 in 10 (69 %) see the EU as a place of stability in a troubled world.



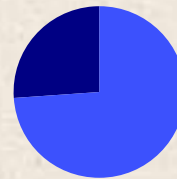
Trust in the European Union has reached its **highest point** in 18 years

How much trust do you have in the European Union?



75 %

Three quarters of respondents (75 %) - the highest level in more than two decades - say they **feel they are citizens of the EU**



74 %

The Eurobarometer survey registered the **highest support ever for the common currency**, both in the EU (74 %) and in the euro area (83 %)

Source: Standard Eurobarometer 103.

In an increasingly volatile global environment, Europe's work to win a leading position in the economy of tomorrow begins first and foremost at home. We have laid out a **competitiveness compass**, which points to a modern, decarbonised economy. We are listening to businesses and have started to **simplify rules to make it easier for them to operate in the EU**, while maintaining our social and climate goals. We are encouraging scientists, businesses and the world's innovators to **'Choose Europe'** and fuel its growth. We have taken steps to **ensure energy independence and affordability**. We are **diversifying our trade partnerships and reducing excessive dependencies**. We are investing in skills, in housing and in the social pillar of our social market economy. And we are working to secure the future of our economy and our industry – in tech, AI, agriculture, the automotive sector, pharmaceuticals, defence and more.

We have taken concrete steps to reduce unhealthy dependencies and strengthen Europe's independence. We have **reinforced our network of reliable partners** and we have made of Europe a pole of stability in the world. Partners across the globe – from the United Kingdom to India, and from South-East Asia to South America – are turning to the EU as a **predictable, reliable and fair partner** with which to do business.

However, **a key precondition for prosperity is peace and security on our continent**.

Europe has understood that **it must assume more responsibility for its own defence**. To that end, we have proposed a **Readiness 2030** plan to help boost national defence spending and close our military capability gaps. We continue to stand firmly by Ukrainians in the face of Russia's war of aggression, providing political, financial and military support. Because **only a just and lasting peace in Ukraine can guarantee Europe's security**.

The world changes, so must we. That is why we have proposed a **modernised long-term EU budget** for the cycle that starts in 2028. It will be **more ambitious, more flexible**, allowing us to react better to emerging crises, **more consistent** with our priorities and **simpler** for people and businesses to benefit from it. It will be a **safeguard for the rule of law in our European Union**.

This is a crucial moment in European history. Now more than ever, Europe must focus on its own strengths. But Europe has always shown that **when it stands together it can overcome any crisis**. It is time to make the choice of strength, the choice of unity, the choice of Europe.



A competitive and prosperous Union

The world has entered **a new era of harsh geoeconomic competition**. Major economies are vying for access to raw materials, new technologies and global trade routes. From AI to clean tech and from quantum to space – the race is on. As this competition intensifies, so does the use of export controls, tariffs and sanctions. The impact of these new realities on an open economy like the EU's cannot be underestimated.

Europe's prosperity and quality of life is at stake. Our Union must switch gears in the global economic race, protecting its people and its companies from the impact of hostile economic measures and empowering them to be more competitive. This has been at the core of the von der Leyen Commission's actions.

Europe has everything it needs to regain its competitive edge. We are leaders in many future-oriented sectors, such as clean tech. We are an attractive global partner with which countries want to deal. We have high social and environmental standards and a strong commitment to be the first climate-neutral continent in the world. Most importantly, we have strong societies with high levels of equality and talented, innovative, hard-working people.

Nevertheless, too many obstacles still stand in the way of our companies and workers – from high energy prices to excessive regulatory burdens. Last year, at President von der Leyen's request, Professor Mario Draghi identified the most significant of these obstacles in his **report on the future of European competitiveness**. The report highlighted, amongst other obstacles, a vicious circle of low investment and low innovation.

Furthermore, **President von der Leyen has led strategic dialogues** with industry representatives from key economic sectors, including automotive, steel, chemicals, pharmaceuticals and defence. The dialogues have identified specific hurdles these sectors face, and how to address them. This is a Commission that listens to Europe's businesses and workers, and acts on their concerns.

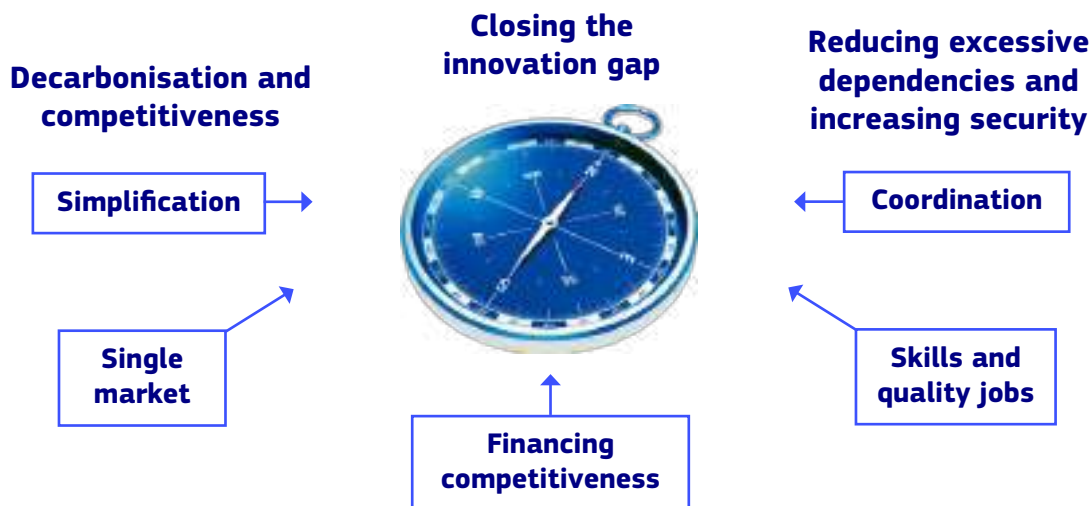
In parallel to these extensive consultations and building on the recommendations of the Draghi Report, the Commission presented a **competitiveness compass** to steer its work in the coming years.

First, the compass sets out to **close the innovation gap**. Second, it describes **a joint plan for decarbonisation and competitiveness** that shapes our **clean industrial deal**. Third, the EU needs to **reduce excessive dependencies**, which is a matter of **security as well as competitiveness**. To support these objectives, the competitiveness compass

identifies several **key enablers**: simplifying rules and reducing burdens; removing obstacles in the single market; building a savings and investments union; investing in skills; and better coordinating policies between the European and national levels.

We are on the move. Guided by the competitiveness compass, **the Commission is charting a course towards prosperity**.

COMPETITIVENESS COMPASS



We have the right foundations to compete globally:



- Our single market represents **17 % of global GDP**
- **EUR 10 trillion of savings** held in bank deposits
- Trade agreements with **76 trading partners**
- **Our GDP today is 5 % higher** than before the COVID-19 pandemic
- **Almost 10 million people more in employment** since 2019, despite a war raging at our doorstep

Closing the innovation gap – Choose Europe for science, for business, for innovation

For centuries **Europe has been a land of innovation, entrepreneurship and scientific freedom**. Europe's global share of patent applications is on a par with the United States and China, though only a third of these are commercially exploited. We are roughly as good as the United States at creating start-ups, but when it comes to scale-ups we are outpaced by our competitors. To close this gap, we are putting research and innovation, and science and technology, at the heart of our economy.

Europe must be home to the next wave of frontier technologies, starting with AI. The AI race has only just begun, and global leadership is still up for grabs. The EU can lead that race with its distinctive European brand of AI, building industry-specific applications and harnessing its power for productivity and people.

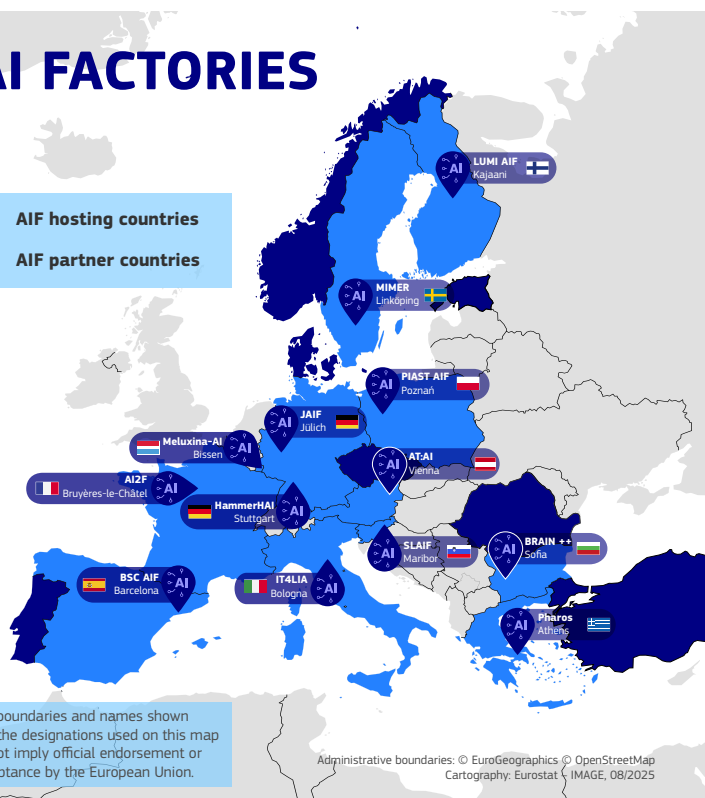
Following the work carried out in recent years with the adoption of the AI Act, the development of a powerful network of supercomputers and the creation of common European data spaces, the Commission is now taking its ambitions to a new level. Since December 2024, **13 sites across Europe have been selected to establish AI factories**. These AI factories will bring together EU supercomputers, large data resources, training facilities, universities, start-ups and human capital to create a powerful innovation environment that pushes the boundaries of technology.

The development of infrastructure requires investment. In February, at the AI Summit in Paris, President **von der Leyen** announced **InvestAI**, an initiative that will mobilise private and public investment of **up to EUR 200 billion** in AI.

In April, the Commission put forward the **AI continent action plan**. At its heart is the ambition to build on the AI factories and set up **AI gigafactories**. They will be equipped with **over 100 000 advanced AI processors**. We have already received a total of 76 expressions of interest proposing to set up AI gigafactories in 16 Member States across 60 different sites.

AI FACTORIES

- AIF hosting countries
- AIF partner countries





Anna-Maria Halacheva is a PhD student at INSAIT, a research institute in Bulgaria. She is a rising star in AI and has made it to the Forbes Bulgaria 2024 '30 Under 30' list. At age 25, her groundbreaking research explores the intersection of 3D computer vision and robotics, focusing on how autonomous robots can understand and interact with their surroundings. Anna-Maria and her team are dedicated to open research, fostering global collaboration and innovation. Further, she is a recipient of the Google DeepMind scholarship, awarded to the most talented women researchers in AI and deep tech. INSAIT, together with Sofia Tech Park, has secured EUR 90 million in EU funding to establish an AI factory, which will enable more groundbreaking advances by Anna-Maria and her colleagues.

.lumen is a Romanian deep-tech company that created glasses which, thanks to advanced AI, empower visually impaired people to live a better life. The glasses behave like a virtual guide dog thanks to .lumen's haptic feedback interface that feels like a vibration on the user's forehead. .lumen received EUR 9.7 million in funding from the European Innovation Council, which allowed the company to develop its groundbreaking technology. Cornel Amariei, founder of .lumen, has said that 'without the EU, .lumen would not exist today'.





Alongside AI, **quantum technologies** promise to revolutionise the way in which the world addresses complex tasks, from pharmaceutical breakthroughs to securing critical infrastructure. In July, the Commission put forward its **quantum strategy**, with the goal of **making Europe a quantum leader by 2030** by enabling more research, strengthening quantum ecosystems, promoting more private investment and supporting the development of quantum skills on our continent.

Moreover, we want the EU to push the boundaries and become a trailblazer in space. With the **vision for the space economy**, presented in June, the Commission will work with Member States, the European Space Agency and the European Union Agency for the Space Programme in a new '**Space Team Europe**', to consolidate capabilities and develop the EU's competitiveness in space.

Science remains the fuel of progress and growth for our societies. But in today's world, its role is suddenly being questioned. In Europe **we will always make the case**

for science. We believe in the necessity of basic research and the possibility of its applications in everyday life. Therefore, we want scientists, investors and innovators to choose Europe.

In May, President **von der Leyen** presented the first elements of the new **Choose Europe strategy** at Sorbonne University. It focuses on keeping science free and attracting the best scientists around the world to help us innovate here in Europe. This endeavour consists of a new package worth **EUR 500 million between 2025 and 2027**.

Choose Europe also aims to take innovation **from the laboratory to the market** and create new business opportunities. The goal is to make Europe the best place to innovate, and to start and grow technology-driven companies.



**FREEDOM TO EXPLORE,
RESEARCH AND INNOVATE.**

Europe offers:

Stable public funding and research career pathways
Academic freedom and scientific excellence
High quality of life (healthcare, education, pensions)
Collaboration beyond borders



EUR 500 million
for 2025-2027 to make
Europe a magnet
for researchers

EUR 230 million to draw
top researchers to universities
with potential

EUR 2 million per researcher
extra for relocation and
start-up costs

Support to **longer-term**
employment **opportunities**



Over 60
funding schemes
across the EU
available online

Horizon Europe
The world's largest international
research programme with
a budget of **EUR 93.5 billion**





Dr. Martha C. Mayorquín-Torres, a Mexican scientist researching renewable resources for pharmaceutical applications, moved to Belgium in search of better research conditions. She is currently working on the TransPharm project, supported by Horizon Europe, at Ghent University. Her research focuses on developing active pharmaceutical ingredients from cleaner and more renewable resources, while also aiming to make pharmaceutical manufacturing processes more sustainable. Like many other scientists and researchers, Martha has chosen Europe.

To support this drive, the Commission presented its **start-up and scale-up strategy**. Start-ups and scale-ups are essential to Europe's future. They foster innovation and sustainable growth, create high-quality jobs, attract investment and create new markets in which the EU can lead.

On the other hand, the **life sciences strategy** seeks to optimise research in the field of living organisms, systems and the link between them. The strategy, which is crucial for European competitiveness, aims to enable rapid market access and uptake by companies of such innovations.

EU START-UP AND SCALE-UP STRATEGY



Fostering an innovation-friendly environment

Driving better financing for start-ups and scale-ups



Supporting start-ups' market uptake and expansion

Attracting and retaining the best talent



Facilitating access to infrastructure, networks and services

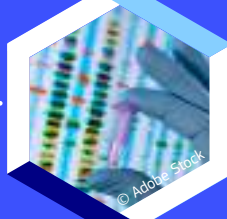


Europe's choice is clear. We are choosing to put research and innovation, as well as science and technology, at the heart of our economy. We are choosing to be the continent where innovation serves humanity; where global talent is welcomed. We are choosing to start a new age of invention and ingenuity.

LIFE SCIENCES STRATEGY

Support for advanced therapies

Coordinate the development of centres of excellence with Member States



Clinical research investment plan

Facilitate funding for multi-country clinical trials

One Health^(*) Microbiome Initiative

Make the EU a world-class innovator in microbiome-based solutions

Life sciences career development through Choose Europe

Attract and retain talent in synergy with Member States' activities

EU Biotech Act

Foster innovation by simplifying rules and providing supportive measures

Life sciences investors interface

Connect start-ups, industry and investors

(*) One Health recognises the interconnectedness of human, animal and environmental health.

Shaping a joint plan for decarbonisation and competitiveness

Europe is a front runner in the clean-tech race and is well equipped to thrive in a decarbonised economy. We have talent, top-class infrastructure and a clear roadmap towards climate neutrality. Last year, emissions from the energy sector decreased by nearly 10 %, while energy consumption increased by only 1 %. Some 30 % of the world's innovative electrolyser technology companies are based in the EU, along with 20 % of its carbon capture and storage companies and 40 % of its wind and heat pump technology companies.

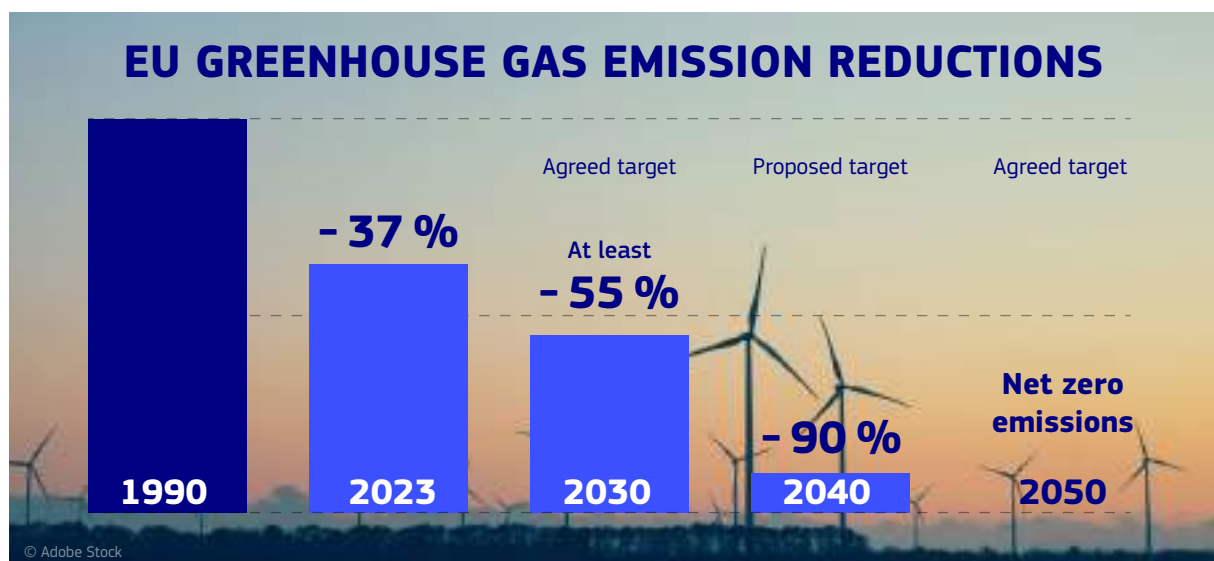
Europe is staying the course. We are on track to achieve our target of at least a 55 % reduction in greenhouse gas emissions by 2030 compared to 1990 levels. Now, we have proposed a **90 % target for 2040** to meet, in a pragmatic way, the obligations of our Climate Law, giving our industries the predictability they need to plan their investments.

At the same time, a successful clean transition requires greater flexibility and agility, and a strong partnership with

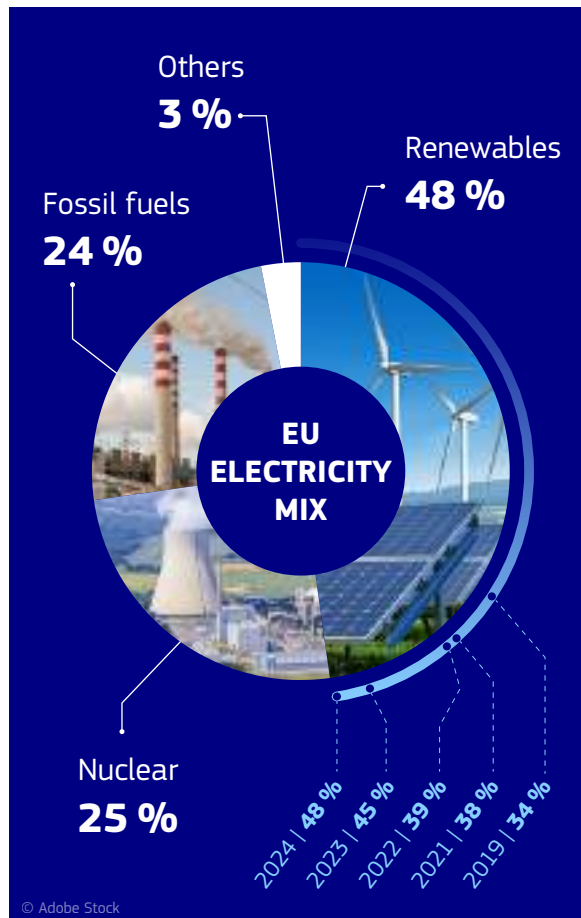
individuals and businesses. We must play to our traditional strengths: our industries, small and medium-sized enterprises (SMEs), innovators and workers. The Commission wants the EU to be a leader of the economy of the future while **retaining its edge in the industries that have made it prosperous.**

This is why, in February, the Commission put forward a business plan for competitiveness and decarbonisation, the **clean industrial deal**, with a focus on energy intensive industries and clean tech.

Energy-intensive industries such as chemicals, steel and cement have been competitive, job-creating sectors for the European economy. Today, they are slowed down by high energy costs and unfair global competition. At the same time, **clean technologies**, such as hydrogen, wind and solar energy, are at the heart of the transformation such industries need. As the global race to control these technologies gets faster and rougher, **Europe must adapt quickly.**



Hybrid Greentech, a Danish company founded by Rasmus Rode Mosbæk, developed a cutting-edge software platform for smart energy storage management. The project, supported through InvestEU, won the Green Power Award 2024 and has become a European model for how technology, climate and business can go hand in hand.



The clean industrial deal aims to **lower energy prices**, which remain too high for some sectors. It also aims to **boost demand for clean products** by creating lead markets and promoting their adoption in public procurement. It will **support companies in financing their clean transition** thanks to an **Industrial Decarbonisation Bank aiming to mobilise EUR 100 billion in funding**. Finally, it will **enhance circularity** to source the raw materials that we need.

To reinforce the deal, the Commission adopted the **clean industrial deal State aid framework** in June, which will simplify rules for Member States to provide public support to achieve the deal's objectives.

The **affordable energy action plan**, adopted along with the clean industrial deal, targets the high energy costs that hinder our competitiveness. The plan includes measures to decrease national taxes on electricity; support the uptake of long-term electricity supply contracts and energy-efficient solutions; and seek reliable suppliers of liquefied natural gas. The Commission estimates that these measures could save consumers and businesses **up to EUR 45 billion this year and up to EUR 260 billion annually by 2040**.

To realise its double ambition to decarbonise while boosting Europe's competitiveness, the Commission is deeply engaged with the stakeholders on the ground: entrepreneurs, farmers, workers and industry leaders. As a follow-up to our strategic dialogues with key sectors, the Commission presented an **action plan on steel and metals**, an **industrial action plan for the European automotive sector** and a **chemicals action plan**. We want to cut the ties that still hold our companies back, so that Europe can be not only a continent of industrial innovation but also a continent of industrial production.



The clean industrial deal will mobilise over **EUR 100 billion** to support EU-made clean manufacturing and the clean transition.



A cleaner, smarter and more flexible energy system will help **save up to EUR 45 billion in 2025, going up to EUR 260 billion annually by 2040**.

Agios Efstratios and Chalki are Greek islands becoming models of climate neutrality and energy autonomy - featuring renewable energy, electric mobility and digital public services thanks to funds from NextGenerationEU and cohesion policy. Despite their small size - respectively around 250 and 500 inhabitants - and the difficulties inherent to islands, they are going the extra mile and showing the way towards a cleaner future.

Our plans for a more competitive Europe go beyond the industrial sector. Our farmers ensure both our **food sovereignty**, with high-quality and safe products that have been a signature of our European way of life for generations, and food security worldwide. **They have turned the EU into an agriculture and food powerhouse.**

But faced with harsh challenges in recent years, such as higher input costs, extreme weather events and complex geopolitics, **our farmers need support.**

In January, the Commission established the **European Board on Agriculture and Food**, based on the recommendations of last year's strategic dialogue on the future of agriculture, to provide advice to the Commission and promote a culture of dialogue and trust.



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Sophie Bell is a 26-year-old, third-generation farmer from Cavan in Ireland who, by her social media engagement, is inspiring a new generation of young women to step into farming, advocating for young farmers and putting the spotlight on generational renewal. She has benefited from common agricultural policy funding and, in December 2024, she participated in the 10th European Congress of Young Farmers.

Then, in February 2025, the Commission presented a **vision for agriculture and food. The vision shows our farmers that we are standing by them** as we make European agriculture more competitive and make it work better with nature. It sets out measures to ensure that farmers get better revenue for their products; to combat unfair competition from abroad by focusing on the alignment of imported agriculture products with our own production standards; and to ensure that rural areas remain vibrant, attractive places to live and work for current and future generations of farmers.

THE VISION FOR AGRICULTURE AND FOOD

- Aims to create a competitive, resilient, fair and future-proof agri-food sector by 2040
- The sector generates **EUR 900 billion** annually^(*) and supports about **30 million jobs**



In fact, three quarters of all businesses in Europe depend on nature in one way or another. Preserving nature now will prevent problems for our companies down the line. The Commission has proposed a roadmap to develop **nature credits** that incentivise action to restore and preserve nature by both the private and the public sectors. They offer an opportunity to boost biodiversity and preserve habitats while generating revenue for those who protect nature and for investors.

A European Solidarity Corps volunteering project brought together six young volunteers from France, Germany, Poland, Italy and Greece in the wine region of Amarante, Portugal. There they became involved in the local community, helping organic farmers, organising fair trade workshops in schools, supporting social institutions and running cultural events.



Making business easier in Europe

The key to our prosperity is to put our house in order, and to make business easy right here in Europe. Simplification is vital to Europe's competitiveness, as all industries made clear during our strategic dialogues. They told us that the regulatory pressures weigh heavily on them, with burdensome reporting, overlapping regulations and complex requirements. The Commission has heard their call and is acting on it.

The 2025 Commission work programme is fully focused on simplification. So far, we have put forward six **simplification packages** to address barriers to competitiveness across different sectors. Their goal is **to support those who create value in Europe** and to tell the world that **Europe means business**.

The first sets of measures were presented in February. They focus on **reducing the complexity of EU sustainability reporting and due diligence requirements for all businesses**, with an emphasis on SMEs. They also simplify the application of the **Carbon Border Adjustment Mechanism**: we are exempting from its scope 90 % of importers, which are responsible for less than 1 % of import volumes and their associated emissions. The climate impact of this change is minimal, but the positive impact on SMEs is huge.

Two more simplification packages were adopted in May. One focused on **farmers and national authorities dealing with agriculture** by simplifying payments for farmers, streamlining controls based on technology and giving more trust to farmers on the fulfilment of certain funding conditions.

The other simplification package of May was dedicated to SMEs. In this package the Commission identified a new category of companies: **small mid-caps (SMCs)**, companies with between 250 and

750 employees and either less than EUR 150 million in annual turnover or less than EUR 129 million in total assets. **Some 38 000 companies in the EU will be included in this new category.** They will be free to grow without facing a sudden increase in compliance obligations.

June brought the fifth simplification package, which focused on supporting EU Member States and the defence industry in **scaling up defence capabilities**. The package introduces a **regime of fast-track permitting**, which could reduce the permitting waiting period **from several years to 60 days**.

In July, the Commission presented its sixth simplification package, this time on **chemicals**. The measures proposed will **simplify the labelling rules for hazardous chemicals, clarify cosmetics regulations** and **ease registration for fertilising products**.

According to Commission estimates, these simplification efforts will save businesses, industries, farmers and national authorities **over EUR 8 billion** in annual administrative costs. At the same time, they will stimulate companies to scale up, grow, innovate, invest and become more competitive.



Over **EUR 8 billion**
in savings on annual
administrative costs

Six major simplification packages
proposed by the Commission so far

Goal to cut administrative burdens

by at least 25 % for all companies

and 35 % for SMEs

by the end of this mandate

As of August, we have also organised **28 implementation dialogues** in which College members debate with relevant stakeholders in their area of competence and listen to how they cope with the implementation of EU rules, identify inefficiencies and search for simplification opportunities.

On the other side, the **VAT in the digital age initiative**, once fully implemented, will make life simpler for businesses by facilitating reporting for cross-border trade on the basis of e-invoicing. It will bring down compliance costs for EU traders by over **EUR 4 billion per year** and, at the same time, reduce VAT fraud.

In times of growing trade barriers around the world, our single market is a safe harbour for European businesses – a place where they can grow strong before they set sail on global markets. However, the vitality of the single market is held back by too many national barriers and by too much fragmentation and bureaucracy.

To address this, the Commission put forward a **single market strategy** in May, which focuses on the **ten most important and persistent barriers**. The single market was born to tear down barriers between our countries, to erase customs and duties and to make it easy to do business within Europe. Thirty years after its creation we are finally going back to that idea, to fulfil the promise of our single market.



CHALLENGES FACING THE SINGLE MARKET

Low productivity growth
at around **1 %**

EU's **stagnating global competitiveness**

KEY ROLE OF THE SERVICES SECTOR



75 %
of EU GDP

Intra-EU service trade
no higher than
service trade with the
rest of the world



60 % of barriers
remain the same as
20 years ago

KEY ACTIONS TO DISMANTLE THE TEN MOST IMPORTANT BARRIERS IN THE SINGLE MARKET

As global trade faces new obstacles, Europe must remove the remaining barriers within the single market. These barriers disrupt the smooth flow of goods and services, restricting cross-border trade and investments. Tackling the ten most harmful barriers will make it easier and simpler to do business across the single market - Europe's greatest asset.



Complicated business establishment and operations

- Establish a new 28th regime for EU company law
- Revise the Commission recommendation on business transfers



Overly complex EU rules

- Reduce unnecessary administrative burdens identified in simplification proposals
- Simplify and streamline the EU public procurement framework



Long delays in standard-setting

- Review the standardisation regulation
- Allow the Commission to establish common specifications when needed



Outdated product rules and lack of product compliance

- Better coordinate EU and national customs and market surveillance authorities, and potentially establish an EU market surveillance authority
- Create a legal framework for refurbished and repaired products
- Strengthen requirements for notified conformity assessment bodies



Burdensome procedures for temporary posting of workers

- Support adoption of the e-declaration for posted workers and social security coordination
- Facilitate temporary cross-border provision of posted workers
- Pilot and deploy the European Social Security Pass (ESSPASS)



Lack of ownership by Member States

- A high-level single market representative ('Sherpa') to promote application of rules in every Member State
- Organise high-level political meetings of the Single Market Enforcement Task Force (SMET)
- Reinforce preventive mechanisms at EU level



Limited recognition of professional qualifications

- Make recognition faster and more efficient using digital tools and automatic procedures
- Explore common rules for the recognition of qualifications of third country nationals



Fragmented rules on packaging, labelling and waste

- Implement the Digital Product Passport for digital labels and product compliance
- Harmonise and simplify extended producer responsibility schemes for end-of-life products



Restrictive and diverging national services regulation

- Facilitate temporary provision of cross-border services, possibly including harmonisation of service authorisations and certification schemes
- Address challenges in specific services sectors such as construction, retail, delivery as well as business and industry services



Territorial supply constraints (TSCs)

- Develop tools against unjustified territorial supply constraints beyond situations prohibited by competition law

Financing Europe's growth opportunities

Europe is home to many groundbreaking companies with innovative ideas, but **they need the means to finance their ambition**. The fragmentation of the EU's financial markets prevents businesses from getting access to finance, sometimes pushing them to settle elsewhere.

At the same time, savers would like better opportunities to invest; at present, **approximately EUR 10 trillion** rests in bank deposits in the EU.

Every year, EUR 300 billion of European families' savings go from Europe to foreign financial markets, because our capital market is too fragmented. This money is often used to buy innovative European companies from abroad. This must change. We see a strong opportunity to leverage this enormous wealth and create growth here in Europe.

In March, the Commission presented the **savings and investments union strategy** to unlock the full potential of the EU's capital markets and connect savers seeking better investment opportunities with businesses in need of capital.

The proposed measures focus on **empowering savers to become investors** if they so choose, while **making it easier for businesses to access deeper and more diverse sources of finance**, including across borders.

Another tool helping Europe finance its priorities and become more independent is **NextGenerationEU**, the EU's ambitious post-pandemic recovery plan. According to Commission estimates, investments under NextGenerationEU alone will **boost the EU's gross domestic product by up to 1.4 % in 2026**, and its positive effects will continue to be felt in the years to come.

NEXT GEN EU

**+ 4.5
million**

small, medium and large
companies supported

**+ 49.8
million**

people with access to new or
modernised healthcare facilities

**+ 31.1
million**

people better protected
against natural disasters

**33.4
million**
MWh/year

savings in annual primary
energy consumption

**+ 16.2
million**

homes or buildings with
very high-capacity internet

**+ 10.7
million**

young people between 15-29
receiving support for education,
training and employment

+ 1.4 %

estimated boost to EU's GDP
in 2026 thanks to investments
under NextGenerationEU alone

As of August 2025

So far, the RRF has enabled the **installation of over 110 gigawatts of renewable energy capacity across the EU** and has saved 33.4 million megawatt-hours per year in primary energy consumption – this is **more than Denmark's total annual electricity consumption**.



The main arm of NextGenerationEU is the **Recovery and Resilience Facility (RRF)**. By the beginning of August of this year, **EUR 362 billion had been disbursed** to Member States under the RRF – about 56 % of the total available. Meanwhile, **EUR 288 billion remains available**. Member States need to accelerate implementation to ensure that the funds can be put to good use **before the RRF expires at the end of 2026**. This June, the Commission provided guidance to ensure that they make the best possible use of the opportunities the RRF offers.

The Antinero programme aims to protect Greek forests and prevent megafires by cleaning up dry vegetation, improving forest roads and firebreaks, planting new trees and creating natural buffer zones that slow down fires. It also takes care of burned areas with anti-erosion and flood protection works. The goal is simple: make forests safer, healthier and more resilient in the face of climate change. The programme was developed with funding from NextGenerationEU and is a flagship example of how EU investment delivers climate resilience, preparedness and protection for rural communities. With a budget over EUR 400 million, it is the largest-ever project tackling this issue in the country.

BEFORE



AFTER



© Secretariat General of Forests of the Ministry of environment and energy



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Cohesion policy continues to be one of the most powerful tools in the EU's toolkit to invest in more equal and resilient societies in line with our common priorities.

However, the current cohesion programmes were adopted before the major geopolitical shifts we have experienced in the past four years. **Our instruments must grow more flexible to adapt to emerging priorities.** In April, the Commission carried out a **mid-term review of the current cohesion policy** and made proposals to make it fitter to invest in and respond to today's challenges.

Member States will be able to reprogramme part of their cohesion policy funds and **dedicate them to current EU priorities** such as strengthening Europe's competitiveness, boosting European defence, increasing housing affordability, improving water resilience and supporting the energy transition. Special attention will be given to **eastern regions bordering Russia, Belarus and Ukraine**, which have been particularly affected by Putin's war.

Thanks to EU cohesion policy support for the Solidarity Lanes initiative, the PRIMUS project in Romania has increased navigation safety on the Danube, serving ports in Romania, Ukraine and Moldova. In particular, PRIMUS increases capacity on the Sulina Canal from 8 ships to at least 20 ships per day by modernising previous navigation tools and making available to pilots all relevant information in real time. It thus allows Romania to fully benefit from the potential of this waterway and provides Ukraine and Moldova with a vital connection to the EU amidst the ongoing war.

Empowering people and strengthening our social model

The foundation of our economy is people: their hard work, their talent and their skills. Competitiveness today is less about the cost of labour and more about the knowledge of workers, and this is where we can outmatch our competitors. Here in Europe, companies can find incredibly experienced workers and top-notch tech graduates. We do not have enough of them, however, and this is a handbrake on our ability to compete.

This is why, in March, the Commission put forward its **union of skills plan**, complemented by an **action plan on basic skills** and a **STEM education strategic plan**. These measures will boost Europe's human capital and empower people to contribute to our continent's competitiveness.

The union of skills initiatives will provide opportunities for adults to regularly upskill and reskill. At the same time, the Commission proposes measures to increase the share of students **enrolled in STEM fields** (science, technology, engineering and maths) and in **information and communication technology PhD programmes**, with a special focus on **female students**.

These actions build on the **pact for skills**, which has helped **6.1 million people** receive training thanks to the joint work of the Commission, national authorities, industry, social partners, and education and training providers.



To effectively address skills shortages, **the role of social partners is crucial**. They know what skills workers and companies need most, and the best practices in the field. **Social dialogue** with workers' and employers' associations has been a cornerstone of the European social model for decades. In a changing world, it will be even more necessary to foster trust, protect workers' rights and guarantee that the changes in the economy **boost our competitiveness without weakening our social fabric**.

In March, the Commission, along with the EU-level social partners, signed a new **pact for European social dialogue** in which it commits to expanding the scope of social dialogue and promoting increased consultation of social partners when preparing legislative initiatives.

Here in Europe, we know that productivity can be enhanced by good working conditions: having stable employment; earning a fair wage; maintaining a good work-life balance; finding childcare for children and good care for elderly parents; having access to decent and affordable homes. But in today's world, many of these social rights can no longer be taken for granted.

Europeans are increasingly concerned about the **affordability of housing**. Younger generations face barriers their parents did not. The Commission has set up a **Housing Task Force** to develop a **European affordable housing plan** that will tackle structural issues and put in place a strategy to stimulate public and private investment in construction.

AFFORDABLE HOUSING – A PRIORITY FOR THE COMMISSION



Adjusted for inflation, house prices have risen by **more than 20 %** since 2015



Building permits for residential buildings dropped by **more than 20 %** since 2021



17 % of our population is living in overcrowded homes



Overall inflation-adjusted investment in residential buildings **fell by 6 %** from 2022 to 2024



Rents in major cities have **risen as much as 48 % for a one-bedroom apartment** between 2014 and 2023



Homelessness affects all Member States and has **increased substantially** over the last decade



© Viktória Király, 2025

At 64, Maria found herself raising her grandchildren after her daughter developed addiction problems. Despite being employed, she could not afford to pay rent. Thanks to a financial instrument backed by the European Regional Development Fund, a public-private partnership in Slovakia has leveraged public resources to make available more than 350 rental apartments, enabling Maria and hundreds of other vulnerable people to find quality homes at prices up to 30 % below market rates. 'The Dostupný Domov apartment with discounted rent was like a light at the end of the tunnel,' she says. 'It provides home comfort, privacy and a better study environment for the whole family.'

The same is true for **equality**. It is not only a key European principle enshrined in our treaties; it also fuels **economic growth** by allowing full participation in the workforce, fostering creative, innovative ideas, and it leads to a better quality of life for all.

The EU has made important strides along the path towards **equality** between women and men, with new rules on **pay transparency**, **gender balance on company boards** and **combating violence against women**. But there is no space for complacency.

Target by end of June 2026 for EU large listed companies:



at least 40 %

of the under-represented
sex among their
non-executive directors

or



at least 33 %

among all directors

The average share of women
on corporate boards is currently
34 % in the EU



In 2024, Ljubljana won a European Capitals of Inclusion and Diversity Award for its efforts to make the city safer for women and prevent violence against women. The initiatives undertaken by the city include the organisation of awareness and prevention campaigns on violence against women, the development of creative projects such as art exhibitions telling the stories of victims of violence, the co-financing of five safe houses for victims of domestic violence, two maternity homes and the establishment of a 24/7 SOS helpline.

In March, the Commission laid out a **roadmap for women's rights**. At home and abroad, the Commission will continue working to ensure that **every woman and girl enjoys the right to feel safe and to be treated with dignity**; that she receives equal pay for equal work; and that she has access to high-quality health, education and an appropriate work-life balance. Europe is home to some of the most gender-equal societies in the world, but the work is far from over, and we will never stop fighting for equality.

At the same time, we continue the work we started in the previous mandate to protect and advance the rights of LGBTIQ people. An updated LGBTIQ strategy, as well as a new anti-racism strategy, will further consolidate our efforts.





A secure Union ready to defend itself

Our world is again marked by imperial ambitions and wars. International actors are ready to utilise all means – fair or foul – to gain an advantage. Russia has intensified its attacks on Ukraine as its war of aggression entered its fourth year. And the security architecture that kept Europe safe for decades can no longer be taken for granted. In response to this new situation, our Union has pursued action that seemed unthinkable until just last year. **The Europe of defence has finally awakened.**

In today's world, we cannot rely on others to defend Europe. **Europe's defence is our strategic responsibility**, and this responsibility begins with a strengthened budget – for defence and for our defence industry. Our Member States are mobilising unprecedented resources to increase their defence expenditure, and our Union has launched a set of new initiatives to help Member States **spend more, spend better and spend European.**

With our **Readiness 2030** initiatives, we are facilitating additional investment of up to **EUR 800 billion** by Member States over the next four years. Sixteen Member States have requested the activation of the **national escape clause** to raise their defence budgets. In just four months, we created **SAFE (Security Action for Europe)**, a new financial instrument with **EUR 150 billion in loans for joint defence procurement**. We proposed a **simplification package** on defence to radically speed up our defence investment. We have also reinforced our network of **defence and security partnerships** with countries across the world – from the United Kingdom to Canada and from Norway to Japan – with which we share values and common security interests. Our goal is clear: by 2030, **Europe must have everything it needs for credible deterrence.**

READINESS 2030

Mobilising up to EUR 800 billion for the EU's security and defence



© NATO, 2024

**SAFE
EUR 150 billion**

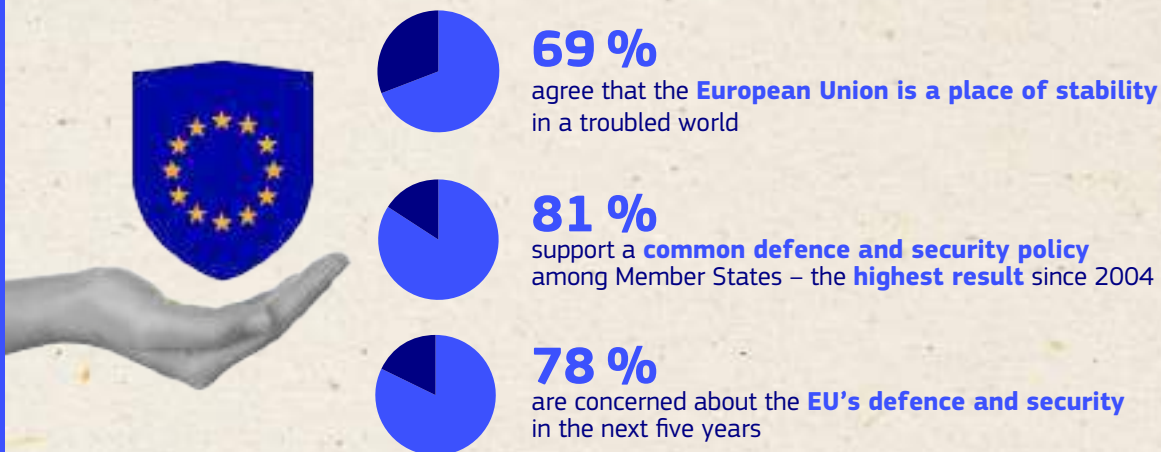
19 Member States

**Activation of the
national escape clause**

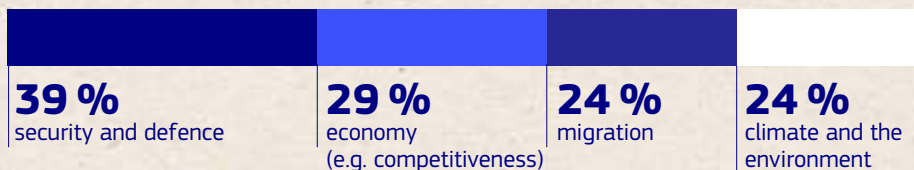
16 Member States

As of August 2025

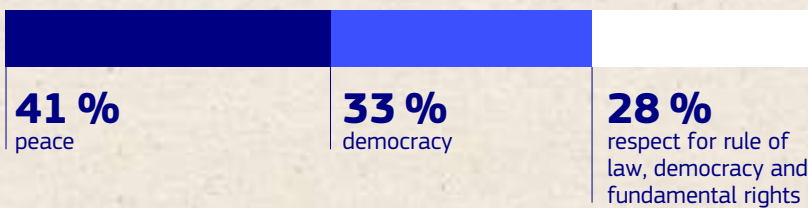
EUROPEANS' VIEWS ON SECURITY AND DEFENCE



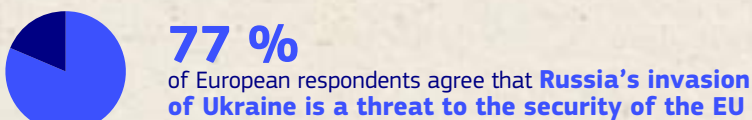
According to Europeans, **the EU should take measures** in the medium term in the areas of:



Values that best represent the EU:



Most important issues facing the EU at the moment:



Source: Standard Eurobarometer 103

In parallel, **Europe continues its unwavering support for Ukraine. With EUR 168.9 billion of support, including almost EUR 60 billion of military support, the EU remains Ukraine's largest donor.** Additionally, the new SAFE instrument can be used to procure directly from Ukraine's defence industry. Ukraine's future is in our Union, and we are integrating its defence industry into the broader European defence industrial base.

Beyond defence, we have worked to increase our security and resilience across a range of areas, **from cybersecurity and critical infrastructure to our supply of energy,**

water, medicines and raw materials.

Likewise, we have promoted a **culture of preparedness** across European society, increasing our resilience and our capacity to withstand any future crisis together.

To further integrate and prioritise security across the Commission's initiatives, **President von der Leyen now chairs regular Security College meetings,** in which the full College of Commissioners can discuss and be briefed on security matters in a dedicated setting.

This is a new era for **European security and defence.**

A new era for European defence: Readiness 2030

Europe's security paradigm has been shaken. On the one hand, Russia continues to wage an atrocious war on European soil. On the other, deep geopolitical shifts have shaken our continent's security architecture.

For too long, Europe has been running a security deficit. It needs to catch up urgently.

The project 'Atlantic Constellation', supported under NextGenerationEU, results from a partnership between Portugal and Spain, and aims to develop a complete satellite-based value chain for advanced data applications in defence and sustainability. The collaboration resulted in the launch of the second Portuguese satellite in 2024. 'Atlantic Constellation' is the biggest project in the space sector in Portuguese history, with two satellites already in orbit and more in the pipeline. This specific project is part of 'New Space Portugal', which will establish the capability to design and produce complete satellites, and deliver high-value-added services based on earth observation data.



This Commission is focusing on building a true **defence union**. While NATO will continue to be a cornerstone of our security, the **EU needs to assume more responsibility for its own protection**, which is why, in March, the Commission put forward **Readiness 2030**. It contains a **White Paper for European defence** that identifies capability gaps and investment that needs to be carried out in the field of defence, such as air and missile defence, artillery systems, ammunition and missiles, drones and electronic warfare.

Furthermore, Readiness 2030 makes available the resources to act immediately. We proposed to Member States a **coordinated activation of the national escape clause** under the Stability and Growth Pact, allowing Member States to raise their defence spending without falling foul of our fiscal rules.

The second initiative is **SAFE**. The Commission will soon start providing Member States with up to **EUR 150 billion in loans** backed by the EU budget and its high credit rating.

The loans will be used for **common procurement from the European defence industry** and will focus on the priority capabilities that have been identified. They will be used to **purchase from companies established in the EU, the European Economic Area and Ukraine**, and at least 65 % of the cost of the product should originate in the same regions.

As of September, **19 Member States** had expressed interest in accessing funding through SAFE loans, reaching **full subscription of the EUR 150 billion**.

Additionally, the **mid-term review of cohesion policy**, launched in April, provides incentives for countries and regions willing to reallocate available funding to productive capacities in the defence sector across the EU.

The Commission has continued to use all the available tools to drive defence spending.

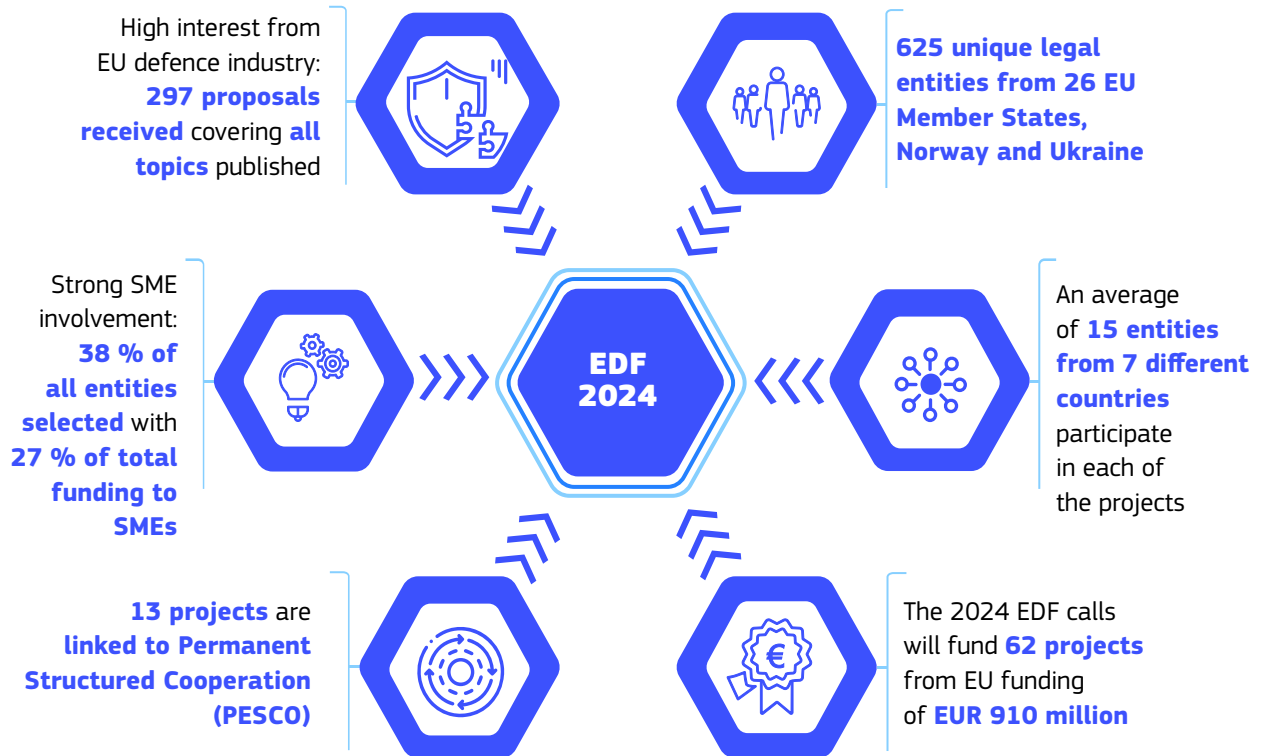
In June we presented a **major simplification package with a focus on the defence industry**, and in April we announced the investment of **EUR 910 million in 62 new projects under the European Defence Fund (EDF)**, covering air and missile defence, ammunition, military mobility, AI, cyber warfare and electronic warfare, amongst other sectors.

Also, as space and satellites play an increasingly strategic role in our society, we have moved to prevent disruption by hostile actors and to increase security with the **EU Space Act**.

Czech companies Eagle.one and Fly4Future, together with the Czech Technical University in Prague, developed the robotic 'hunter' Eagle.one. The project, presented in November 2024 and supported by the European Regional Development Fund, focuses on the development of an autonomous flying robot using in-vehicle artificial intelligence to safely capture unauthorised drones in a protected airspace without destroying them, which is key in civil applications.



KEY FIGURES OF EUROPEAN DEFENCE FUND 2024



EDF 2024 funds flagship projects contributing to EU strategic autonomy and resilience



Naval

EUROSWEET will develop a common European unmanned minesweeping system with autonomous features



Air

The ENGRT II project enhances EU defence autonomy by developing the next generation rotorcraft by 2030, focusing on advanced rotorcraft technologies and configurations



Ground

iMUGS2 will further develop and demonstrate modular and open systems architectures that integrate autonomous and swarming capabilities, among others, into both new and legacy military vehicles

Standing for a free and sovereign Ukraine

It has been more than three years since Putin launched his full-scale war of aggression against Ukraine. The Ukrainian people have shown heroic resistance and courage as they continue to fight for their right to choose their own destiny.

Their freedom is Europe's freedom. The war in Ukraine is Europe's top security crisis, which is why **we have not wavered in our support**. As of August, the support provided by the entire EU since the beginning of the war amounted to **EUR 168.9 billion**. This year alone, we will cover **84 % of Ukraine's external financing needs**.



EU SOLIDARITY WITH UKRAINE AT A GLANCE



OVERALL SUPPORT

EUR 168.9 billion for Ukraine and Ukrainians, including economic, financial, humanitarian and military support

TEMPORARY PROTECTION

More than four million Ukrainians have found refuge in the EU



HUMANITARIAN ASSISTANCE

The biggest Union Civil Protection Mechanism operation ever

MILITARY ASSISTANCE

The EU and its Member States have mobilised EUR 59.6 billion in military support



EU INTEGRATION

The EU opened accession negotiations with Ukraine

HOLDING RUSSIA ACCOUNTABLE

18 packages of hard-biting sanctions against Russia, including four since 1 December 2024

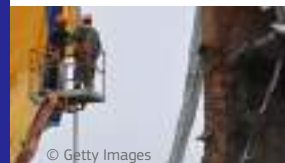


PEACE NEGOTIATIONS

International and Team Europe efforts towards a just and lasting peace for Ukraine

RECOVERY AND RECONSTRUCTION OF UKRAINE

Aim to mobilise up to EUR 40 billion in public and private investment



EUR 168.9 billion

in overall support
to Ukraine and Ukrainians

EUR 17 billion

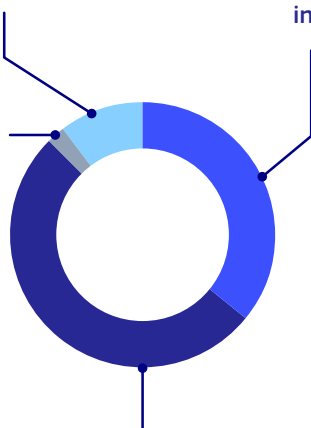
made available
to Member States
to cater for the needs
of people fleeing
the war

EUR 59.6 billion

in military assistance
for Ukraine under the
European Peace Facility
and by Member States
individually

EUR 3.7 billion

from the
proceeds of
immobilised
Russian
assets



over **EUR 88.6 billion**
in financial and budget support,
and in humanitarian assistance

EUR 15 billion

from Member
States, including
humanitarian
assistance

over EUR 73.6 billion

in macro-financial
assistance,
budget support,
humanitarian and
emergency support,
provided or guaranteed
by the EU budget



The Stasevskij siblings – Dalia, Justas and Lukas – are Finnish-Ukrainian musicians who have wholeheartedly supported Ukraine, especially since the onset of Russia's full-scale invasion. Through a diverse range of initiatives – from humanitarian aid campaigns and frontline reportage to public performances and cultural diplomacy – they promote European values, democratic principles, and international cooperation, amplifying the voices of those affected by the war.

Under the **Ukraine Facility**, the Commission has disbursed **EUR 22.7 billion** to support Ukraine's economy and the implementation of reforms. Together with our G7 partners, we are providing additional support of EUR 45 billion in loans. For its part, the EU has provided so far **EUR 9 billion** under an extraordinary macro-financial assistance programme. This is to be **repaid with the revenue generated by immobilised Russian assets**.

In addition, in what continues to be the **largest-ever operation under the Union Civil Protection Mechanism**, the Commission and Member States have delivered more than **156 000 tonnes of assistance** to Ukraine and we have coordinated the evacuation of **more than 4 500 Ukrainian patients to hospitals in 22 European countries**: this is literally a life-saving manifestation of European solidarity.

The Commission has also increased its pressure on Russia. Following our proposals, the EU has adopted **18 packages of hard-biting sanctions against Russia, including four since the beginning of this mandate**.

Coordinated the
evacuation of more than
4 500
Ukrainian patients

Thanks to our sanctions, Russia's oil and gas revenues have fallen by almost 80 % compared to before the war. Its deficit and interest rates have skyrocketed, and inflation is above 10 %. Importing technologies and critical goods has become prohibitively expensive.

We have listed **444 vessels** that are part of Russia's shadow fleet, and **more than 2 500 individuals** and entities are subject to travel bans and asset freezes.



Over 2 500
sanctioned
individuals
and entities



The EU has listed
444 vessels
from Russia's
shadow fleet



At the same time, we have continued working to ensure that **Russia is held accountable for the crimes it has committed in Ukraine**. In February, the Commission, along with the High Representative, the Council of Europe, Ukraine and 37 states, laid out the foundations for the establishment of a **Special Tribunal for the Crime of Aggression against Ukraine**, and an agreement has already been signed by the Ukrainian President, Volodymyr Zelenskyy, and the Secretary General of the Council of Europe, Alain Berset.

This tribunal will have the power to hold to account Russia's political and military leaders, who bear the greatest responsibility for the atrocities committed in Ukraine.

Additionally, President von der Leyen has continued to publicly advocate for the **return of the Ukrainian children abducted by Russia** and we strongly support the International Coalition for the Return of Ukrainian Children.

We will continue to support Ukraine for as long as it takes until it can have a just and lasting peace. In that context, the Commission, together with the Coalition of the Willing, has **welcomed the efforts by US President Donald Trump to stop the killing in Ukraine and find a deal to end the war**. President von der Leyen joined President Zelenskyy and other European leaders in the White House in August, to discuss the way forward to a just and lasting peace.

The work continues to **design strong, credible security guarantees for Ukraine**, and the EU stands ready to do its share.

Ukrainians have chosen to join our Union and Ukraine is a candidate for EU membership.



The Commission is assisting Ukraine in implementing the reforms needed to carry negotiations forward, and **Ukraine has shown extraordinary tenacity in meeting its goals while in the midst of fighting a war**. The accession process is based on merit, and **Ukraine merits being able to move forward**. The Commission has been clear that **Ukraine is ready to open the first cluster of accession negotiations**.

In the meantime, we have continued to integrate Ukraine progressively into the single market and other EU programmes, **for instance the EU roaming area as of 2026, the single euro payments area (SEPA) and the EU space programme**. We have also revised our mutual trade agreement to make it more fit for our long-term relationship in the context of Ukraine's accession.

Moreover, more than four million Ukrainians have found refuge in the EU. In June, the Commission proposed to extend the current **temporary protection status**, which allows them to live, work and study in the EU, until 4 March 2027. It also proposed that Member States start preparing for a transition out of the temporary protection system towards other legal statuses and that they facilitate the return and reintegration of those who wish to return home to Ukraine.

Our conviction is that Ukraine will soon be a peaceful, prosperous country for all its citizens, **fully at home in the EU**.

A united Europe

Europe's first security policy is its unity.

Enlargement is a strategic investment in Europe's long-term peace, stability and prosperity.

Countries and people in the Western Balkans, Moldova and Ukraine have chosen to become part of the EU. While enlargement remains a merit-based process, we are committed to giving them our full support and assistance.

The Ukraine Facility, the Reform and Growth Facility for Moldova, the Western Balkans growth plan, and other enlargement initiatives are helping to drive investment and ensure that the reforms

necessary for these countries to become EU members are implemented.

In the **Western Balkans, almost EUR 120 million** has been disbursed under the growth plan to support fundamental reforms, while a separate package of almost **EUR 490 million for clean energy investments** was announced in July. Our six partners are progressively benefiting from joining SEPA and from enhanced connectivity through our transport corridors, our network of digital innovation hubs and an initiative to provide free Wi-Fi in public spaces across the region.

First investments under the EU's growth plan for the Western Balkans



Albania

Digitalisation of energy transmission system

This investment project digitalises 40 high-voltage substations throughout Albania, increasing the networks' transmission capacity and reducing energy losses.



Montenegro

Introduction of a supervisory control and data acquisition system (SCADA) in the Montenegrin distribution system

This investment project updates Montenegro's grid with smart meters and an advanced management system to improve efficiency, cutting losses by 30 GWh per year and supporting renewable energy.



Serbia

Novi Sad solar thermal plant

This investment project builds a 31 MW solar-thermal plant and a 17 MW heat pump in Novi Sad, bringing renewable energy sources to the district heating system and avoiding 17 kilotonnes of CO2 emissions per year.



On 1 January 2025, the European digital innovation hubs (EDIHs) network expanded to welcome new hubs from Albania, Kosovo, Montenegro, North Macedonia, and Serbia. This marks a major milestone in strengthening digital transformation in the EU enlargement region. The hubs are helping local businesses, start-ups and public institutions access cutting-edge technology, AI expertise and capacities.

In relation to **Moldova**, the Commission has signed a two-year strategy that will provide **EUR 250 million** to reduce the country's energy dependence on Russia, increase its resilience and help it integrate into the EU energy market.

In July, at the first-ever **EU–Moldova Summit**, the Commission disbursed the first **EUR 270 million under the growth plan for Moldova**. This will finance hospitals, heating systems and access to affordable energy.

We have moved to integrate Moldova into SEPA and into the common roaming area, and we support its efforts to resist Russian disinformation and manipulation ahead of parliamentary elections.



With EU support, Moldova has been able to support 80 families in Bălți, who now live in more energy-efficient and comfortable apartments, with lower energy bills. Indeed, a 16-story residential block was thermally renovated through the first co-financing model for energy renovation.

As concerns Georgia, we have reiterated our solidarity with the Georgian people and our readiness to continue supporting them on their path towards a European future.

When it comes to **accession negotiations**, **Albania** and **Montenegro** have opened or closed new chapters since the beginning of the mandate. And with regard to **Ukraine** and **Moldova**, the Commission stands by its opinion that the first accession cluster should be opened as soon as possible.

A prepared and resilient Union

Recent years have shown that crises can hit without warning and affect the most basic aspects of daily life. In what is now a more dangerous world, **we must adapt and must develop a preparedness mindset** at all levels of society that allows us to handle all incoming challenges.

Last year, former Finnish President Sauli Niinistö prepared a report titled ***Safer Together – Strengthening Europe’s civilian and military preparedness and readiness***. Building on its recommendations, the Commission has put forward a **preparedness union strategy** with 30 key actions to enhance the capacity of public authorities and citizens to withstand any calamity.



EU PREPAREDNESS UNION STRATEGY

KEY TOOLS AND ACTIONS

Foresight and anticipation

- Develop an EU comprehensive risk and threat assessment
- Set up a crisis dashboard for decision-makers
- Strengthen the Emergency Response Coordination Centre
- Develop an EU catalogue for training and a platform for lessons learned
- Establish an EU Earth Observation Governmental Service

Resilience of vital societal functions

- Embed preparedness by design into EU policies and actions
- Adopt minimum preparedness requirements
- Revise the Union Civil Protection Mechanism
- Propose an EU stockpiling strategy
- Propose a climate adaptation plan
- Ensure supply of water and other critical natural resources

Population preparedness

- Improve early warning systems
- Increase awareness about risks and threats
- Develop guidelines to reach a population self-sufficiency of minimum 72 hours
- Include preparedness in school education curricula and training of educational staff
- Promote preparedness in youth programmes
- Attract talent to reinforce the EU's preparedness

Public-private cooperation

- Establish a public-private Preparedness Task Force
- Develop public-private emergency protocols
- Revise the public procurement framework
- Establish a European Centre of Expertise on Research Security

Civil-military cooperation

- Establish comprehensive civil-military preparedness arrangements
- Develop standards for civil-military dual-use planning and investment
- Organise regular EU exercises to promote comprehensive preparedness

Crisis response coordination

- Set up an EU crisis coordination hub
- Boost rescEU – EU-level reserve of response capacities

Resilience through external partnerships

- Advance mutual resilience with candidate countries
- Integrate preparedness and resilience into bilateral partnerships and multilateral institutions
- Strengthen and deepen EU-NATO cooperation on preparedness and resilience
- Develop mutual resilience through external economic and development policies



Civil preparedness and resilience are fundamental. In moments when public authorities might be out of reach, **citizens and families must be empowered to act on their own behalf**. Among the actions proposed, the Commission wants to develop guidelines to **achieve population self-sufficiency for at least 72 hours**, put in place a stockpiling strategy and set up a true **EU crisis coordination hub**.

The two first initiatives under the preparedness union were presented in July: the **stockpiling strategy** and the **medical countermeasures strategy**. While the first of these focuses on securing the availability of essential goods, such as food, water, oil, fuel and medicines, in the event of a crisis, the second seeks to accelerate the development, production and accessibility of critical medical means, such as flu vaccines, new antibiotics for antimicrobial resistance and antivirals for vector-borne diseases, and to improve access to chemical, biological, radiological and nuclear countermeasures.

MEDICAL COUNTERMEASURES STRATEGY – TARGETS BY 2030

- Next generation influenza vaccines
- New antivirals and vaccines against vector-borne diseases
- New antibiotics to treat resistant infections
- New diagnostics, personal protective equipment and countermeasures for chemical, biological, radiological or nuclear threats



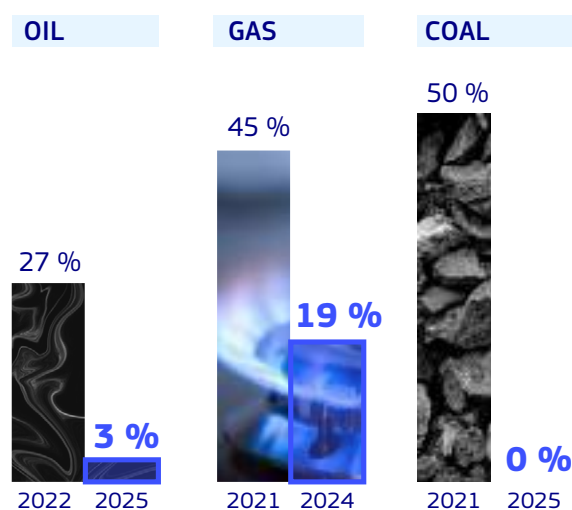
To ensure readiness across the board, the Commission has acted to bolster Europe's resilience and security in specific sectors.

At the beginning of the decade, the EU imported 50 % of its coal, 45 % of its gas and 27 % of its oil from Russia. This created a situation of overdependence that was exploited by Putin when he launched his full-scale war against Ukraine.

Today, imports of the three fuels have either been banned or have diminished massively. And thanks to **REPowerEU** we have saved energy and we have boosted native clean sources, enhancing our strategic autonomy.

REPowerEU

REDUCTION OF EU ENERGY IMPORTS FROM RUSSIA



Still, we cannot rely on a hostile power for our energy security, and every euro still paid to Russia for energy supplies is feeding its war machine. With the new **REPowerEU roadmap**, the Commission wants to **phase out all imports of Russian energy**. We will gradually stop all imports of Russian gas, and we will facilitate the end of Russian oil imports by the end of 2027.

At the same time, we will increase our independence and our energy security by strengthening the EU's electricity market. In February, **Estonia, Latvia and Lithuania** synchronised with the EU's electricity grid, breaking all links with Russia and Belarus after 15 years of close cooperation during which **the Commission covered 75 % of the investment costs**.



On 9 February 2025, Lithuania, Latvia and Estonia, in cooperation with Poland, successfully completed the synchronisation of electricity grids with the Continental Europe Network. It was a strategic European project, with EU support exceeding EUR 1.3 billion. From now on, the Baltic States are fully integrated into the EU energy market and their grids are not managed by Russia, reinforcing their independence and the resilience of the entire EU electric system.

In our quest for security and independence, we have continued to build a **European health union** through the **Critical Medicines Act**, which will **incentivise pharmaceutical manufacturing in the EU**.

In addition, in order to reduce excessive dependencies and secure the EU's access to **critical raw materials**, in March the Commission designated **47 strategic projects in 13 Member States under the Critical Raw Materials Act**, which will benefit from targeted support regarding capital investment and permitting provisions. Another **13 projects outside the EU** were selected in June. They demonstrate clear potential to contribute to EU supply security and will receive coordinated support within the framework of our partnerships with the host countries.

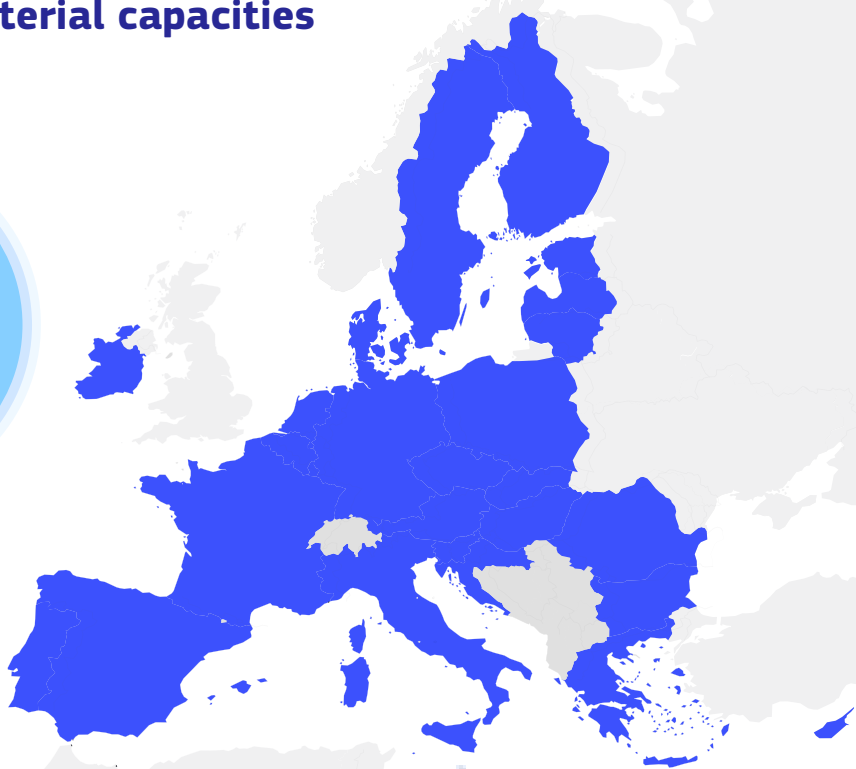


The NEO magnet factory in Narva, Estonia, is the first project that was supported by the Just Transition Fund. The plant is expected to be inaugurated in mid-September 2025 and its production of permanent rare earth magnets should be sufficient to support the manufacturing of approximately 1.5 million electric cars, increasing the EU's autonomy in critical materials.



47 strategic projects to boost EU domestic strategic raw material capacities

47
projects
across
Europe



Critical Raw Materials Act's targets:

The EU to be autonomous for at least **10 %** of its **extraction**, **40 %** of its **processing**, and **25 %** of its **recycling** needs by **2030**.

Administrative boundaries:
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The boundaries shown on this map do not imply official endorsement or acceptance by the European Union.

Cartography:
Eurostat – IMAGE, 08/2025

No raw material is more critical than water. Water is a pillar of life and of the economy, including farming, fisheries and industry. Europe's water supplies are increasingly threatened. **About 20 % of Europe's territory and 30 % of its population are affected every year by water stress.**

About **20 %**
of **Europe's territory** and
30 %
of **its population**
are affected every year by water stress

In order to prepare for future challenges, in June the Commission presented a **water resilience strategy** with measures to protect the water cycle; reduce water waste; prevent water pollution, notably by PFAS; and, overall, secure clean and affordable water for all.

The European water resilience strategy aims to:

Restore and protect the water cycle

Provide clean and affordable water and sanitation for all

Build a water-smart economy to boost competitiveness and attract investments

If we act together – individuals, communities and public authorities at all levels – we will be better prepared and much more resilient when the next crisis comes.

FRESHWATER SCARCITY IS A THREAT TO MARINE LIFE

Climate change could result in 41 % less river flow into the Mediterranean Sea



Tomáš Čermák and Anna Podmanická, two high-school students from Czechia and Slovakia respectively, developed an innovative water purification system tackling antibiotic pollution by merging photocatalysis and plasma. The innovative system, called PURA, cleans wastewater by removing residues of pharmaceuticals, including antibiotics. The system uses no added chemicals, making it environmentally friendly, and targets micropollutants that conventional treatment plants often fail to remove. The two students are the global winners of The Earth Prize 2025, the world's largest international environmental competition for 13 to 19-year-olds.



A secure Europe

Security starts at home. As dangers in the world increase, organised crime, smugglers and other criminals take advantage of our European freedoms to act and hide across borders. The Commission is committed to protecting the security of the EU's 450 million citizens.

With the new **European internal security strategy**, we will reinforce the network of EU agencies that work for our security so that they act in lockstep, and we will prepare and be able to respond to the new landscape of hybrid threats, cyberattacks and serious as well as organised crime.

ProtectEU – THE EUROPEAN INTERNAL SECURITY STRATEGY

PRIORITY AREAS AND KEY ACTIONS



INCREASE THREAT AWARENESS, TO BETTER ANTICIPATE SECURITY THREATS

Regular EU internal security threat analyses

Improved intelligence-sharing by Member States with the EU's Single Intelligence Analysis Capacity



FIGHTING ORGANISED CRIME

New and stronger rules to tackle organised crime networks, including on investigations and the protection of youth

Follow the money and step up measures to cut off criminal tools and assets



BOOST CAPABILITIES FOR LAW ENFORCEMENT

Make Europol a truly operational police agency to reinforce support for Member States

Strengthen Frontex, with up to 30 000 personnel over time

New roadmaps for secure data exchange and lawful access to data



COMBATTING TERRORISM

New comprehensive counter-terrorism agenda to prevent radicalisation, secure online and public spaces and respond to attacks when they occur

A new toolbox to prevent radicalisation

Feasibility study for a new EU-wide system to track terrorist financing



BUILD RESILIENCE AGAINST HYBRID THREATS

Support Member States to secure all physical and digital critical infrastructure

New rules and measures to reinforce cybersecurity

New measures to strengthen the security of ports and transport hubs



STRONG GLOBAL SECURITY PLAYER

Accelerate the integration of EU candidate countries into the EU's security architecture

Step up cooperation with enlargement and neighbourhood partners, Latin America and the Mediterranean region

Joint operational teams with law enforcement authorities in partner countries

The Commission will also ensure that law enforcement authorities have legal access to the data and digital information they need.

Increasingly, the EU is facing threats to the security of **critical infrastructure and services**. To protect our more vulnerable sectors, we have put forward an **action plan to bolster the cybersecurity of hospitals and healthcare providers** and measures to detect, respond to and avert **threats against submarine cables**.

AquaHub was created by a team of Polish entrepreneurs who came in first place in the 2024 'Digital in Defence' EUDIS Hackathon. One of the most revolutionary modules that AquaHub is developing is an autonomous charging and docking system that transforms how sea infrastructure is protected. Normally, drones have to be physically pulled out of the water for charging, leaving long gaps in patrols. With AquaHub's solution, drones can patrol wind farms, pipelines and ports 24/7, automatically returning to a dock to recharge before heading back out - no human intervention is needed. The team has also benefited from the Commission's BlueInvest mentorship programme, gaining valuable expertise in defence technology, intellectual property and team management.

Strong security requires strong borders. With the EU marking 40 years of freedom and security since the creation of the **Schengen area**, we welcomed **Bulgaria's and Romania's full accession to Schengen** on 1 January 2025. As of now, more than 450 million people are free to move across 29 European countries.

Our external borders need to be secure and well controlled. Through increased cooperation with neighbouring countries, the stepping up of our fight against smuggling, and determined action to address the weaponisation of migration, we saw an important decrease in irregular border crossings in the European Union.

The measures implemented so far are already having an impact. In the first half of 2025, **illegal border crossings into the EU fell by 21 %** in comparison to the first half of 2024.



The **pact on migration and asylum** is our key tool for managing migration in a way that is fair and firm while showing solidarity with Member States that are subject to intense migratory pressure.

In June 2025, the Commission presented a report on the preparations made at EU level and by Member States to implement the pact as of June 2026.

The report highlights important progress, as well as remaining challenges to be addressed.

With this in mind, the Commission has frontloaded key elements of the pact to support Member States as they prepare its implementation. We have proposed a first **EU list of safe countries of origin** and a simplification of the concept of **safe third country** to accelerate asylum procedures while ensuring the respect of fundamental rights.

We also need to increase the execution of return orders for those without the legal right to stay in the EU. The **common European system for returns** will enable the mutual recognition of return decisions between Member States and create a European return order.

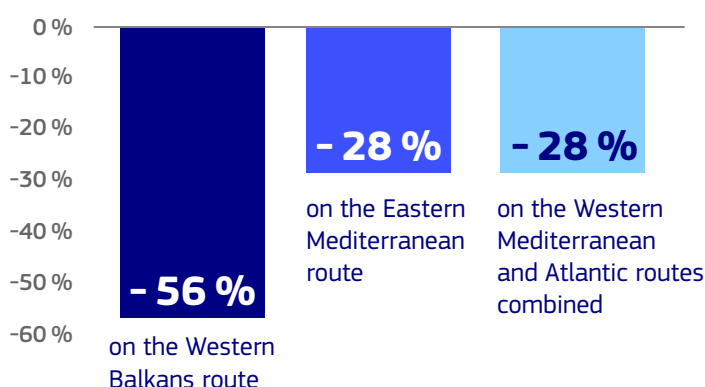
Additionally, the proposal opens the possibility of setting up **return hubs in third countries**: individuals who have received a return decision and are staying in the EU illegally could be returned to a third country awaiting return to their country of origin.

We will always respect our international obligations, but the asylum system must work for all, and it must not be abused by those who do not have a right to international protection. This is the migration and asylum policy we are putting in place – **both fair and firm**.

DECREASE OF ILLEGAL BORDER CROSSINGS INTO THE EU IN 2025^(*)

- 21 %
overall in Europe

(*) First half of 2025 compared with the same period in 2024.



A reliable global partner

The world is an increasingly unpredictable place. International relations are changing. Old certainties have faded away.

We must strengthen our economic security. While **the EU remains open for trade and cooperation**, we will always defend our citizens' and businesses' interests and protect them from unfair trading practices.

In this challenging geopolitical context, **the EU has become the partner of choice for reliable and rules-based trade and investment**. In recent months, countries around the world have flocked to the EU to negotiate **new trade deals and partnership agreements**, or update existing ones. They know how much we have to offer. We are reliable. We play by the rules. Our industries deliver, and doing business with us is good for business.

We have made **substantial progress in important trade negotiations**, ranging from **Mercosur** to **India** and from **Mexico** to **Indonesia**. We have launched a new phase in our bilateral relations with the **United Kingdom** and **Switzerland**. And we have reinforced ties with other important regions, such as **Central Asia**.

The **United States** is the EU's largest trading partner. Our trade is worth EUR 1.6 trillion annually, making it the largest trade partnership in the world. Together **we have reached an agreement that delivers stability in our partnership and predictability for our companies and consumers**.

Our **Global Gateway strategy** has become a trusted source of investment worldwide, creating good local jobs and adding value across the globe. **It has mobilised almost EUR 180 billion in public and private investment – and we are well on track to overshoot the initial target of EUR 300 billion in seven years.**



Europe has **taken abroad the solidarity we practice at home**. We are engaged in an **ambitious multilateral agenda**, from climate and environmental protection to pandemic prevention. Finally, we continue to be the **largest provider of international aid in the world** and a leading humanitarian donor.

A new era of partnerships and trade agreements

The EU has a wide network of trade agreements: **44 agreements with 76 trading partners**. We are working to **forge new partnerships and deepen the existing ones**.

Recent trade disputes have shown the importance of diversifying our trade and searching for untapped potential to increase our economic security and reduce excessive dependencies. **While the United States remains the EU's main trade partner, representing 20 % of our trade, 80 % is with other countries**, many of whom are eager to strengthen their relations with us.

Technilum, a French company specialising in urban lighting furniture, has significantly expanded its exports to Canada thanks to the EU-Canada trade agreement (CETA). The agreement eliminated 7 % customs duties, making Technilum's products more competitive. This has led to major project wins for the company in cities like Ottawa, Vancouver and Calgary, and growth rates close to 80 % in the Canadian market. The company manufactures locally in France, supporting local jobs.



In the past months, the Commission has concluded negotiations on ambitious partnerships with **Mercosur and Mexico**; and it reached a political agreement for a deal with **Indonesia**, one of the world's largest democracies.

We have made strides in our trade negotiations with **India**, as President von der Leyen and Prime Minister Modi have agreed to accelerate talks with a view to reaching a deal this year. At the same time, both sides have committed to adopting a **joint strategic agenda** to address global issues, foster security and promote mutual prosperity.

We relaunched trade negotiations with **Malaysia**; we opened them with the **United Arab Emirates**; we finalised digital trade agreements with the **Republic of Korea** and **Singapore**, which are especially important as we adapt longstanding partnerships to the demands of the digital age.

With **South Africa**, we have launched negotiations for our first-ever **clean trade and investment partnership**. It will facilitate trade in critical minerals and clean energy, developing strategic industries in the country so that good jobs and value are created and maintained there. At the same time, it will benefit our companies' competitiveness in the context of the green transition.

Finally, when it comes to the **United States**, with whom we conduct trade that is worth EUR 1.6 trillion annually, the deal agreed between Presidents von der Leyen and Trump in July brings much-needed **stability and predictability for EU businesses and consumers**. The deal includes a 15 % tariff ceiling for the vast majority of products - allowing EU exporters to remain competitive on the vital US market. We also agreed on a special regime with lower tariffs

for selected products such as aircraft and generic pharmaceuticals, and we will continue working to include more products in this low-tariff regime. At the same time, we will support our ambition to rid ourselves of Russian energy by procuring US liquefied natural gas, oil and nuclear energy products, and we will secure our AI capabilities with a steady supply of US semiconductors for European computing centres.

As we enhance our trade partnerships around the globe, we also continue negotiations to advance the **reform of the Customs Union**, which will further foster international trade while safeguarding the single market.

Global Gateway has continued to support smart and sustainable infrastructure and connectivity across the world. An **investment package worth EUR 4.7 billion** will support South Africa in achieving a just and clean energy transition. We are funding vocational training programmes in **Angola** so that Angolan people can acquire skills and work on the development of the **Lobito Corridor**. In addition, the **Blue Raman** submarine cable, which will connect India and Europe through Djibouti, will be extended to **Kenya, Somalia and Tanzania**, connecting East Africa to digital markets.

President von der Leyen and President Ramaphosa of South Africa have also teamed up to support the clean energy transition in Africa through the **scaling up renewables in Africa** campaign.

In **Latin America and the Caribbean**, we are promoting satellite broadband expansion. In **Barbados**, we are supporting a green hydrogen storage project as well as pharmaceutical research and manufacturing, thereby reinforcing the health resilience of the entire region.

THE EU-US AGREEMENT

The transatlantic relationship is the most valuable economic relationship in the world, worth **EUR 1.6 trillion** annually.



Secures continued, competitive access to the US market for EU exports



Safeguards millions of EU jobs



Preserves deeply integrated transatlantic value chains – many of which rely on European SMEs



Maximum, all-inclusive 15 % tariff ceiling for EU products



15 % ceiling to apply to EU exports of cars, pharmaceuticals, semiconductors and lumber



Low-tariff exemptions for EU products like aircraft, cork and generic pharmaceuticals



Commitment to reduce tariffs further across a range of areas



Strengthened cooperation on economic security



Working together on steel and aluminium trade



Reliable supply of US energy products to accelerate EU transition away from Russian fossil fuels

Going further, a **strategic partnership** was established between the EU and the five Central Asian countries at the **first-ever EU–Central Asia Summit** in April. As a first sign of the new impetus in our relationship, a **Global Gateway investment package of EUR 12 billion** will support cooperation on climate, energy and critical raw materials.

We have also deepened our relationships with our traditional partners. We completed negotiations with **Switzerland** on several agreements that will strengthen and expand our partnership, notably Switzerland's participation in the EU single market, the EU electricity market and flagship programmes such as Horizon Europe, digital Europe and Erasmus+; and a new arrangement on its financial contribution to the EU's economic and social cohesion.

We have also started a new chapter in our bilateral relations with the **United Kingdom**. In May, we concluded a **security and defence partnership (SDP)**. We have agreed on **reciprocal access to each other's waters for fishers until 2038**, and we will work towards a **sanitary and phytosanitary agreement**, the **linkage of both sides' emissions trading systems**; the UK's association to **Erasmus+**; and a **youth experience scheme** allowing young people from either side to work, study, train and build friendships abroad.

Moreover, we concluded an SDP with **Canada** in June, and we will soon start negotiations on a digital trade agreement. With **Iceland**, we will negotiate another SDP and we have agreed to boost cooperation on fisheries, ocean governance and the Arctic.

With **Japan**, one of our closest partners in eastern Asia, we have launched a **competitiveness alliance** based on increased bilateral trade, strengthened economic security and more cooperation on innovation and on the clean and digital transitions. Cooperation on defence, under our existing SDP, will also be reinforced.

The EU has security and defence partnerships with:



And we are negotiating with:



Working for peace in the Middle East and a prosperous Mediterranean region

A prosperous Mediterranean basin is a strategic interest of the European Union as it strives to improve its competitiveness, increase its security and manage migration.

We want to shape a new pact for the region together with Europe's partners on the other shore.

Nowhere in the Mediterranean is the need for peace more urgent than in the **Middle East**, most notably in the **Gaza Strip**. We have continued to work for peace, calling for a ceasefire, unrestricted access of humanitarian aid to Gaza, and the unconditional release of all hostages. Our commitment to a just, comprehensive and lasting peace based on a **two-state solution** remains unwavering.

The EU remains by far the **biggest international donor and provider of humanitarian aid to Palestinians**. We have significantly increased humanitarian assistance to Gaza. So far this year, the EU has allocated and disbursed more than EUR 170 million in humanitarian support. Our humanitarian air bridge operations have delivered over 4 900 tonnes of life-saving aid, and we have helped evacuate hundreds of patients in need of medical assistance.

Following a **review of article 2 of the EU-Israel association agreement**, the Commission proposed in July to partially suspend Israel's participation in Horizon Europe. While Israel has met some

of its commitments under the common understanding on humanitarian aid and access to Gaza, the situation remains severe.

Stability in the region depends on a **well-established, well-functioning Palestinian Authority** with control over the entire West Bank and Gaza. To support that aim, the Commission is providing support of **up to EUR 1.6 billion** between 2025 and 2027, to help the functioning of the public administration and foster economic recovery on the ground.

Additionally, we are providing support to the **United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)** to support the delivery of education, primary healthcare and relief assistance to Palestinian refugees in the region.



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Further north, since the fall of the Bashar al-Assad regime in **Syria**, we have strived to help its people rebuild a country **in which national minorities are respected and protected**. In December, the Commission launched a humanitarian air bridge operation to bring support to those most in need in Syria. In March, during the **conference ‘Standing with Syria: Meeting the needs for a successful transition’**, the Commission and Member

States committed to **provide a total of EUR 5.8 billion**.

Later, in June, the Commission proposed additional support of **EUR 175 million** to build on the progress created by the EU's decision to lift economic sanctions against the country. The new funds support Syria's institutional development and community-driven initiatives.

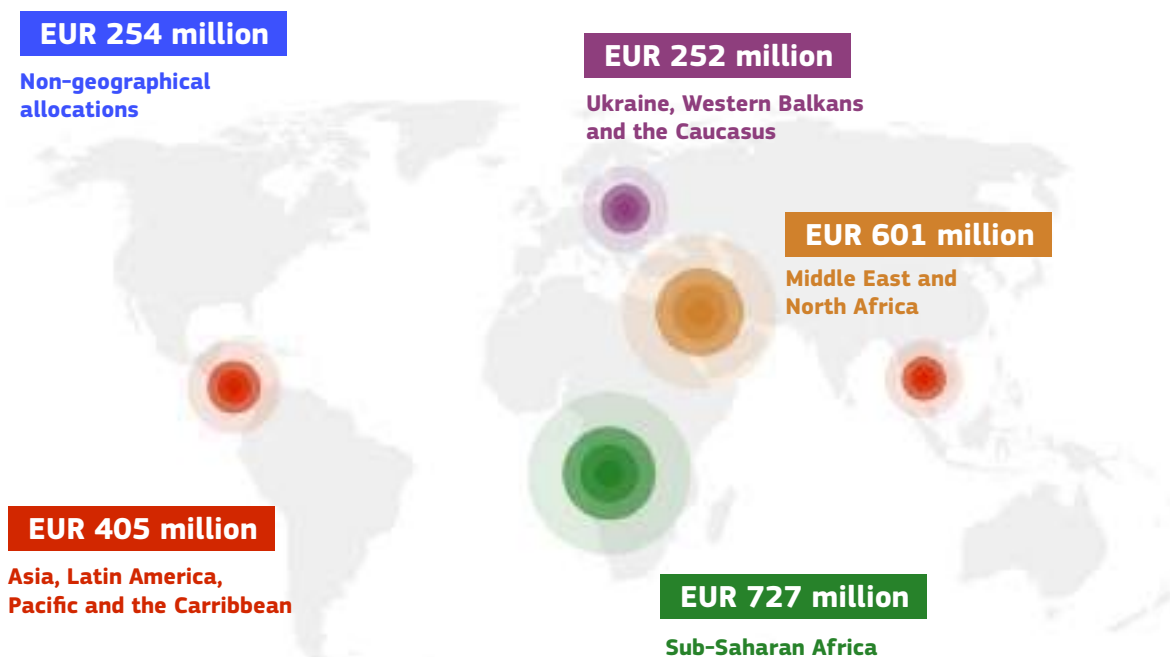
An actor for peace and solidarity in the world

The EU is the largest donor of international aid in the world and a leading humanitarian donor. This role has become more relevant as other

donors have scaled down their humanitarian funding. We know that in many places around the world, **the EU's support makes the difference between life and death.**

EU'S HUMANITARIAN AID 2025

Total budget: **EUR 2.2 billion**



As of August 2025

In May, at the **European Humanitarian Forum**, the Commission pledged **EUR 2.3 billion for 2025** to address the most urgent humanitarian needs caused by the conflicts in **Ukraine, Gaza and Sudan**.

Thanks to funding from the EU, the International Rescue Committee keeps health clinics in camps for internally displaced people and refugees, including at the Gedaref camps in eastern Sudan. Such clinics serve as a critical lifeline for displaced women and girls who are disproportionately affected by the crisis. Indeed, women and girls make up most of the displaced people and over 12 million women and girls are at risk of gender-based violence across Sudan. The facilities allow women and girls to access the sexual and reproductive health care that is needed by upholding strong infection prevention and control measures, providing safe spaces equipped with handwashing stations, restrooms and waste management systems, but also providing counselling and guidance.

On top of this commitment, the Commission is providing life-changing humanitarian support for those most in need in Afghanistan, Yemen, Latin America and the Caribbean, the Greater Horn of Africa, western, central and southern Africa, the Indian Ocean region and the areas hit by the Rohingya refugee crisis.

Globally, the Commission has pledged a further **EUR 3.4 billion to combat global malnutrition**, with a special focus on children under the age of five and young pregnant and lactating mothers.

When crises hit at home and abroad, the **Commission's Emergency Response Coordination Centre (ERCC)** continues to be at the centre of the EU's collective response. The ERCC has been turned into a true crisis coordination hub. Through the **Union Civil Protection Mechanism**, the Commission, Member States and associate countries coordinate the delivery of assistance to partners in need.

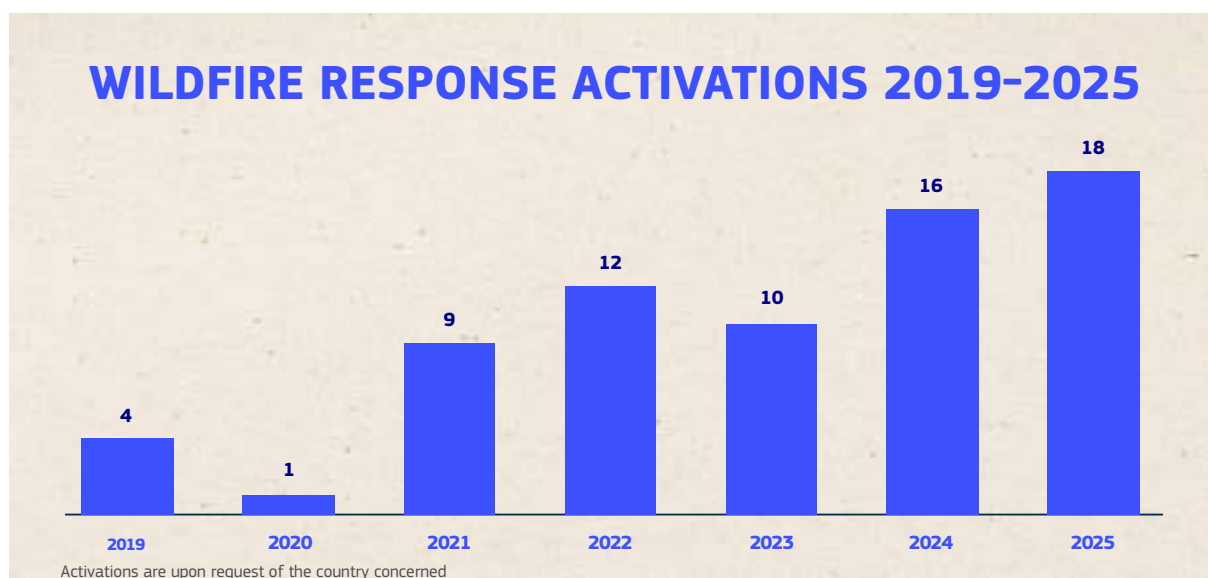
In this way we have been able to respond to crises far and wide. For example, we have delivered over 4 900 tonnes of humanitarian aid to Gaza by air, land and sea. Additional humanitarian operations brought help to **Myanmar/Burma** in April, following a devastating 7.9-magnitude earthquake that killed more than 5 000 people. Another operation delivered help to **Mozambique** in December, in the wake of cyclone Chido.





A very tangible example of the EU's solidarity is **our life-saving medical support**. The Commission has coordinated **medical evacuations in Ukraine and Gaza**, allowing the most vulnerable people to continue medical treatment in European hospitals. Similarly, when a fire broke out in a nightclub in the North Macedonian town of Kočani, **40 patients with severe burns were evacuated for treatment in various Member States**.

Additionally, as severe wildfires hit several countries during the summer season this year, the ERCC has organised and coordinated the deployment of firefighters and aircraft across the continent. As of mid-August, the number of Union Civil Protection Mechanism activations for the season had already surpassed the total wildfire activations in 2024: 11 countries, from Portugal and Spain to Bulgaria and Bosnia and Herzegovina, have **requested and received support to fight forest fires thanks to EU solidarity**.



A champion of global cooperation

Just like we do at home, **we work to build consensus and unity of purpose abroad.**

No country on earth is immune to the effects of climate change, environmental degradation, terrorism or organised crime powered by digital means. A predictable, rules-based international order enables all of us, collectively, to address these challenges.

Building on the lessons learned from the COVID-19 pandemic, in May a **World Health Organization Pandemic Agreement** to address global health emergencies was reached in Geneva, with the Commission negotiating on behalf of Member States.

Likewise, we have mobilised to reinforce immunisation efforts worldwide – an effort of particular importance amidst the current decrease in available resources. In June, the EU and the Gates Foundation co-hosted the **Global Summit: Health & Prosperity through Immunisation** in Brussels. The pledging event secured more than EUR 7.7 billion, for the 2026–2030 period, for Gavi, the Vaccine Alliance.

This funding brings Gavi closer to its objective of protecting 500 million children from preventable diseases and protecting the world from deadly outbreaks of disease through its vaccine stockpiles.

The Commission has also led the push for the ratification of the **Agreement on Marine Biological Diversity of Areas beyond National Jurisdiction**, which will protect biodiversity in the high seas. The treaty needs to be ratified by at least 60 countries, but the process has stalled recently. The Commission has reacted by pledging **EUR 300 million** to boost partner countries' efforts to preserve marine biodiversity, ratify the treaty as swiftly as possible and support better ocean governance.

'Plastic-Free Youth' is an Erasmus+ youth exchange project which focuses on fighting climate change. The project brings together young people from different background and four different Member States (Spain, France, Romania and Croatia) to work on ocean pollution problems and the protection of wildlife in Fuerteventura. Participants learn about the impact humans have on the environment by collecting rubbish, learning about microplastic and recording certain data about the current state of the coast.



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WHY DOES THE OCEAN MATTER?

The ocean is the foundation of life on Earth and provides a wide range of resources, benefits and services. The ocean is critical for food security, energy production, and data. It is crucial for the prosperity and competitiveness of the EU blue economy.



> 70 %
of the Earth's surface



5 million
jobs in the EU



80 %
of global biodiversity



99 %
of global internet traffic
via underwater cables



74 %
of the EU's external trade
done by maritime transport



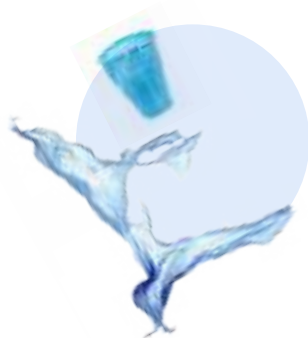
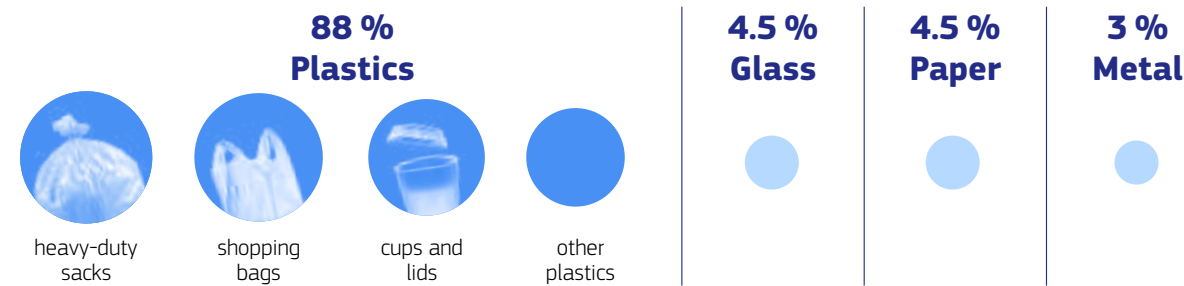
± 50 %
of the oxygen produced
on our planet

With 70 000 kilometres of coastline, Europe is a continent of the sea. Every fifth European lives on the coast. The ocean provides sustainable food and an endless supply of clean energy. It carries three quarters of European trade, and it moderates our climate. That is why the Commission has crafted a **European Ocean Pact**, which was presented at the **UN Ocean Conference**. It will be dedicated to restoring the ocean's health, supporting coastal and island communities, advancing ocean research, increasing maritime security and boosting a sustainable and competitive blue economy.

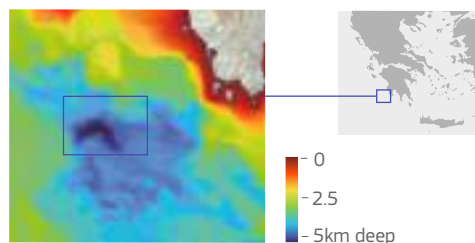
Because the fight to protect our ocean is a global challenge, we need to build a strong global alliance and support each other. The Commission has pledged **EUR 1 billion to invest in projects across the world** that support scientists and those who make a living at sea.

DEEP SEA LITTER

Identified litter items:



**> 26 000
litter items/km²**
found on the seabed
of Calypso Deep
(Mediterranean Sea)



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As Europe reiterates its **commitment to climate neutrality by 2050**, we also continue to help our partners fulfil their own climate goals. We have only one planet earth, and we are all impacted by rising temperatures and increasingly frequent extreme weather events. We are working with Member States and global partners to ensure that the **COP30 UN Climate Change Conference** taking place in Brazil later this year, at which national commitments will be revised, is an occasion to increase our global ambition and determination.

To keep up the momentum on the clean energy transition and unlock more investment, in January the Commission launched the **Global Energy Transition Forum** together with the International Energy Agency. It will help to reach the targets of tripling renewable energy and doubling energy efficiency by 2030 that were agreed by world leaders at COP28.

Along with the clean transition, the EU is also leading the way in the **digital transition** globally. In June, the Commission and the High Representative put forward an **international digital strategy** to open digital cooperation with partners abroad.

Under the strategy, the Commission will seek to expand its partnerships by investing in the digital transition abroad, notably in AI, 5G/6G, digital public infrastructure, cybersecurity and global digital governance.

A democratic Europe with a budget fit for the future

Europe is switching gears to match the challenges of today and tomorrow.

The Commission is determined to equip our Union with the tools it will need in the years to come. At the same time, adapting does not mean forsaking our values and the pillars upon which the EU has been built: **peace, freedom, democracy and the rule of law.**

Our democracy must be protected and nurtured every day. Democracy makes sure that citizens can freely express their views, have a say about their future, participate in the democratic life and enjoy fully their fundamental rights.

This starts with media pluralism and independence – a key tenet of European democracy. In August 2025, the **European Media Freedom Act** entered into full application. This means more protection for editorial independence and journalistic sources, more safeguards for the independent functioning of public media and more transparency of media ownership.

Europe's democracy, security and economy rely on the rule of law. It is the cornerstone for translating EU values into tangible benefits for Europeans, fostering stability, equality, social cohesion, and competitiveness. Therefore, we are constantly working to uphold it.

Since its inception in 2020, the **rule of law report** has become an established tool for dialogue between Member States and the Commission. It serves as a powerful prevention instrument and a catalyst for reform, including through recommendations that provide guidance to strengthen the

independence of the judiciary, media freedom, the fight against corruption and engagement with civil society in all Member States.

Following the inclusion of the most advanced accession countries in 2024, this year, the report put a particular emphasis on rule of law aspects with a **direct impact on the functioning of the single market**, such as sound lawmaking, public procurement rules and the stability of the regulatory environment. The rule of law underpins our competitiveness drive, since businesses – and SMEs in particular – need a stable and predictable economic environment.

The report confirmed the positive trajectory in many Member States, as important reforms have been implemented in recent years. Nevertheless, it also found that challenges remain in some Member States, and that in a few cases these challenges raise serious concerns.

Respect for the rule of law is non-negotiable. Under the next multiannual financial framework (MFF), the Commission will constantly assess compliance by Member States with the principles of the rule of law, along with the sound financial management of funds. There will be a special focus on **supporting the implementation of the recommendations contained in the rule of law report.** In addition, the **conditionality regulation** will continue to protect the budget from breaches of the rule of law principles.

The engine that drives our actions and turns our principles into realities is the **EU budget**. It is the tool we use to **build a stronger, more independent and more prosperous Europe, investing in what matters to citizens**.

For the past five years the **EU budget has punched above its weight**, meeting unexpected and critical challenges from the COVID-19 pandemic to Russia's full-scale invasion of Ukraine – but we must admit that we have reached the limits of what is possible with it.

Today, geopolitical tensions are on the rise, trade rules are being rewritten, extreme weather events are ever more frequent and technological changes are coming faster than ever. **The EU needs a long-term budget that can respond quickly to new realities and is flexible enough to adapt to upcoming challenges**.

In July and September, the Commission presented its proposal for the EU's next long-term budget for 2028–2034 — the MFF. **At almost EUR 2 trillion, it is the most ambitious ever proposed**. It is designed to be **more flexible**, allowing Europe to act fast when circumstances change; **simpler**, reducing the number of investment programmes from 52 to 16; **more streamlined**; and **easier for beneficiaries to benefit**.

The new budget will allow us to invest better for the benefit of Europeans through tailor-made **national and regional partnership plans**. These plans will be designed and implemented through close collaboration between the Commission, the Member States, regions and local communities. **Payments will be conditional on the fulfilment of pre-agreed milestones and targets**.

Cohesion and agriculture will be at their heart, with a minimum of EUR 300 billion ring-fenced to support farmers' and fishers' income, almost EUR 220 billion dedicated to investing in less-developed regions and at least 14 % of national allocations dedicated to social expenditure.

A SMARTER, SHARPER, LARGER EU BUDGET



Larger in scale

EUR 2 trillion (1.26 % of EU GNI) to match Europe's needs and ambition



Smarter in design

Results-oriented, simpler for beneficiaries, more agile



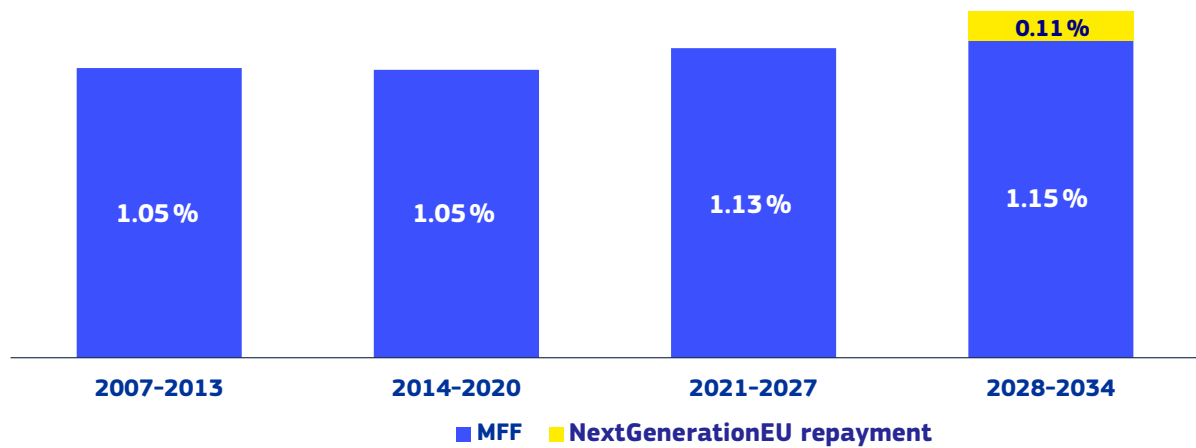
Sharper in priorities

Focus on European priorities

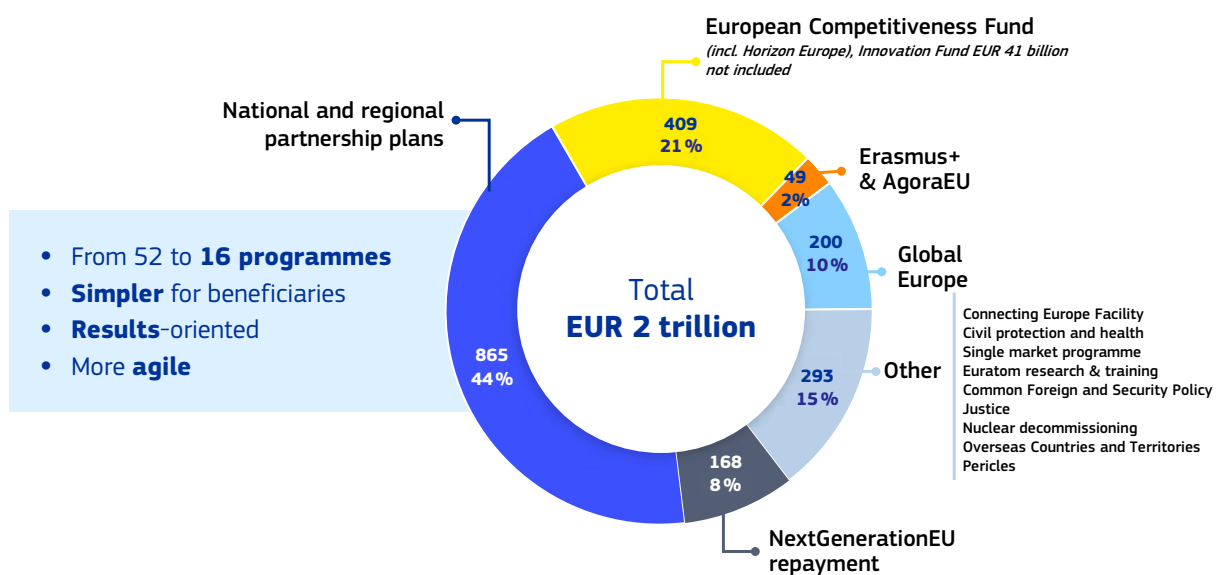
AN AMBITIOUS EU BUDGET FOR AN AMBITIOUS EUROPE

Percentage of gross national income (GNI)
of the period concerned

MFF evolution



Commitment appropriations are based on adopted multiannual financial frameworks (including European Union Solidarity Fund and Emergency Aid Reserve). Gross national income amounts are based on the first technical adjustments of the respective multiannual financial framework.



All amounts in billion EUR, current prices, adjusted with 2% deflator

At the same time, we will continue to invest in our youth. **The budget of the Erasmus+ programme will be increased by 50 %** to help young people to study and volunteer in other EU countries, reinforcing a sense of connection and civic engagement and encouraging them to discover our continent. Meanwhile, the **AgoraEU programme** will support the creative sector, protect media freedom and promote our fundamental rights and shared values.

The next block of the new budget will **boost our competitiveness**. The new **European Competitiveness Fund**, with EUR 409 billion, will secure supply chains, increase our economic security, scale up innovation and help Europe lead the global race for clean and smart technology.

'Flow' is an animated movie directed by Latvian filmmaker Gints Zilbalodis. A Latvian, Belgian and French co-production, it shows how cross-border creativity is a source of strength, inspiration and global recognition. Its international distribution was supported through Creative Europe and the movie received the 2024 LUX Audience Award. Moreover, its Golden Globe and Oscar wins and its worldwide acclaim make 'Flow' one of the most globally successful European cultural productions of recent years.

Under the Competitiveness Fund, **EUR 131 billion will be allocated to defence and space: five times more than under the current MFF**.

We will support our Member States, which have committed to raising their defence expenditure by a significant margin, and simultaneously we will strengthen our defence industrial base and capabilities.

In addition, the world-renowned **Horizon Europe** programme will be strengthened to continue investing in groundbreaking and collaborative research. It will promote our **Choose Europe strategy** and support start-ups in sectors such as quantum, biotech and clean tech.

Meanwhile, the new **single market and customs programme** will further improve the functioning of the single market, including its external dimension, empowering citizens, consumers and businesses to reap its benefits.



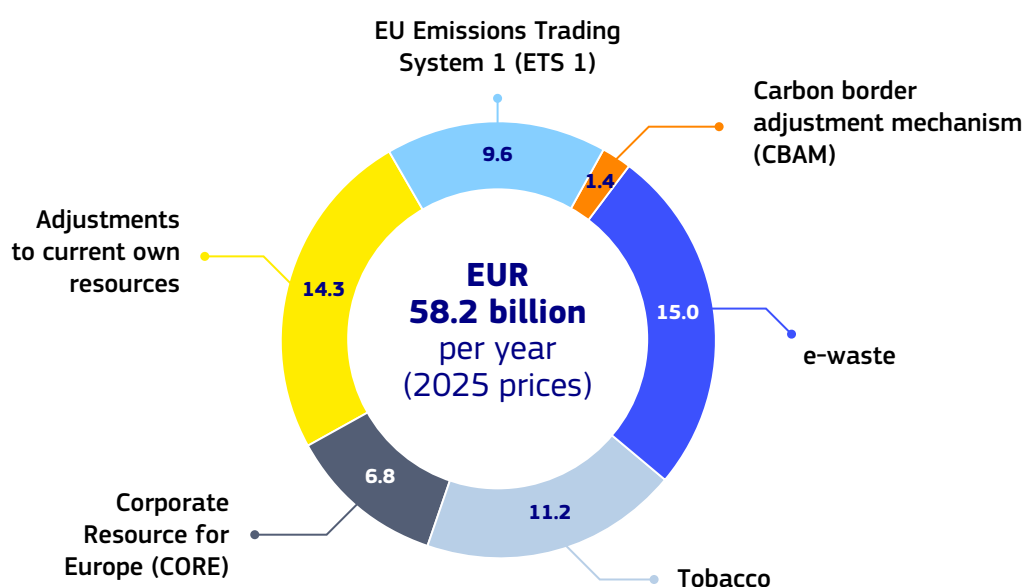
We also recognise that crises are now the norm. When they hit, we must be prepared to act quickly and effectively. To that end, the new budget will boost our **preparedness union** with a new **Union Civil Protection Mechanism** that combines EU actions on civil protection and health emergency preparedness. Moreover, a crisis mechanism will make **EUR 400 billion in loans** available to Member States for when emergencies inevitably do arise.

The new MFF will shore up Europe's global leadership. In an increasingly dangerous, competitive world, Europe must remain engaged so as to **secure our interests and uphold a rules-based international order**. With the **Global Europe instrument**, worth EUR 200 billion, we will boost Global Gateway in building stronger strategic partnerships, and we will accompany and support candidate countries on their path to joining our Union.

Additionally, we are setting aside **EUR 100 billion for Ukraine**, to support its recovery and its path to EU membership. At the same time, the budget reinforces our role as a **top provider of development assistance and humanitarian aid**.

To support these actions and guarantee European independence, we need proper sources of financing. There are only two ways to finance the European budget: national contributions or own resources. We want to keep national contributions stable, and we also have to repay our shared borrowing under NextGenerationEU. With this in mind, we have proposed **five new own resources**, along with some modifications to those that already exist. Together, they will have the capacity to **generate up to EUR 58.5 billion every year**.

NEW OWN RESOURCES



European Travel Information and Authorisation System (ETIAS) fees generate an additional EUR 0.3 billion

All amounts in billion EUR



Citizens are at the heart of our democracies. That is why the Commission has taken initiatives to further involve them in EU policymaking, in particular through **European Citizens' Panels**. This spring, the sixth such panel brought together 150 randomly selected people from all Member States, to discuss the future of the EU budget, how the money should be spent and what it should support. The participants put forward **23 recommendations** from which the Commission drew while preparing the new MFF proposal.

College members have hosted **26 youth policy dialogues**, during which people aged between 16 and 30 debated about their interests and priorities regarding the EU.

Our action also continues to protect and nurture democracy, rule of law and empowering citizens.





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