



## STATE OF THE UNION 2020

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# State of the Union Address 2020



## BUILDING THE WORLD WE WANT TO LIVE IN: A UNION OF VITALITY IN A WORLD OF FRAGILITY

Dear President,

Honourable Members,

One of the most courageous minds of our times, Andrei Sakharov – a man so admired by this House – always spoke of his **unshakeable belief in the hidden strength of the human spirit**.

**In these last six months, Europeans have shown how strong that human spirit really is.**

We saw it in the care workers who moved into nursing homes to look after the ill and the elderly.

In the doctors and nurses who became family members for those in their last breath.

In the front line workers who worked day after night, week after week, who took risks so most of us didn't have to.

We are inspired by their empathy, bravery and sense of duty – and I want to start this speech by paying tribute to them all.

Their stories also reveal a lot about the state of our world and the state of our Union.

They show the power of humanity and the sense of mourning which will live long in our society.

And they **expose to us the fragility all around us**.

A virus a thousand times smaller than a grain of sand exposed how delicate life can be.

It laid bare the strains on our health systems and the limits of a model that values wealth above wellbeing.

It brought into sharper focus the planetary fragility that we see every day through melting glaciers, burning forests and now through global pandemics.

It changed the very way we behave and communicate – keeping our arms at length, our faces behind masks.

It showed us just **how fragile our community of values really is** – and how quickly it can be called into question around the world and even here in our Union.

But people want to move out of this corona world, out of this fragility, out of uncertainty. They are ready for change and they are ready to move on.

And this is the moment for Europe.

The moment for Europe to lead the way **from this fragility towards a new vitality**. And this is what I want to talk about today.

Honourable Members,

I say this because in the last months we have rediscovered the **value of what we hold in common**.

As individuals, we have all **sacrificed** a piece of our personal liberty for the safety of others.

And as a Union, we all **shared** a part of our sovereignty for the common good.

We turned fear and division between Member States into **confidence** in our Union.

We showed what is possible when we **trust** each other and **trust** our European institutions.

And with all of that, we choose to not only repair and recover for the here and now, but to shape a better way of living for the world of tomorrow.

**This is NextGenerationEU.**

This is our opportunity to **make change happen by design – not by disaster or by diktat from others in the world**.

To emerge stronger by **creating opportunities** for the world of tomorrow and **not just building contingencies** for the world of yesterday.

We have everything we need to make this happen. We have shaken off the old excuses and home comforts that have always held us back. We have the **vision**, we have the **plan**, we have the **investment**.

It is **now time to get to work**.

**This morning, I have sent a Letter of Intent** to President Sassoli and Chancellor Merkel – on behalf of the German Presidency – outlining the Commission's plans for the year ahead.

I will not present every initiative today but I want to touch on what our Union must focus on in the next twelve months.

## PULLING THROUGH TOGETHER: MAKING GOOD ON EUROPE'S PROMISE

Honourable members,

The people of Europe are still suffering.

It is a period of profound anxiety for millions who are concerned about the health of their families, the future of their jobs or simply just getting through until the end of the month.

The pandemic – and the uncertainty that goes with it – is not over. And the recovery is still in its early stage.

So our first priority is to pull each other through this. To be there for those that need it.

And thanks to our unique social market economy, Europe can do just that.

It is above all a **human economy** that **protects us** against the great risks of life – illness, ill-fortune, unemployment or poverty. It **offers stability** and helps us better absorb shocks. It **creates opportunity and prosperity** by promoting innovation, growth and fair competition.

Never before has that **enduring promise of protection, stability and opportunity** been more important than it is today.

Allow me to explain why.

### **First, Europe must continue to protect lives and livelihoods.**

This is all the more important in the middle of a pandemic that shows no signs of running out of steam or intensity.

We know how quickly numbers can spiral out of control. So we **must continue to handle this pandemic with extreme care, responsibility and unity.**

In the last six months, our health systems and workers have produced miracles.

Every country has worked to do its best for its citizens.

And Europe has done more together than ever before.

When Member States closed borders, we created green lanes for goods.

When more than 600,000 European citizens were stranded all over the world, the EU brought them home.

When some countries introduced export bans for critical medical goods, we stopped that and ensured that critical medical supply could go where it was needed.

We worked with European industry to increase the production of masks, gloves, tests and ventilators.

Our Civil Protection Mechanism ensured that doctors from Romania could treat patients in Italy or that Latvia could send masks to its Baltic neighbours.

And we achieved this without having full competences.

**For me, it is crystal clear – we need to build a stronger European Health Union.**

And to start making this a reality, we must now draw the first lessons from the health crisis.

We need to make our new EU4Health programme future proof. This is why I had proposed to increase funding and I am grateful that this Parliament is ready to fight for more funding and remedy the cuts made by the European Council.

And we need to **strengthen our crisis preparedness and management** of cross-border health threats.

As a first step, we will propose to reinforce and empower the European Medicines Agency and ECDC – our centre for disease prevention and control.

As a second step, **we will build a European BARDA** – an agency for biomedical advanced research and development. This new agency will support our capacity and readiness to respond to cross-border threats and emergencies – whether of natural or deliberate origin. We need strategic stockpiling to address supply chain dependencies, notably for pharmaceutical products.

As a third step, it is clearer than ever that we must discuss the question of health competences. And I think this is a noble and urgent task for the Conference on the Future of Europe.

And because this was a global crisis we need to learn the global lessons. This is why, along with Prime Minister Conte and the Italian G20 Presidency, I will convene a Global Health Summit next year in Italy.

This will show Europeans that **our Union is there to protect all.**

And this is exactly what we have done when it comes to workers.

When I took office, I vowed to create an instrument to protect workers and businesses from external shocks.

Because I knew from my experience as a Minister for Labour and Social Affairs that these schemes work. They keep people in jobs, skills in companies and SMEs in business. These SMEs are the motor of our economy and will be the engine of our recovery.

This is why the Commission created the SURE programme. And I want to thank this House for working on it in record time.

If Europe has so far avoided mass unemployment seen elsewhere, it is thanks in large part to the fact that around 40 million people applied for short-time work schemes.

This speed and unity of purpose means that 16 countries will soon receive almost 90 billion euros from SURE to support workers and companies.

From Lithuania to Spain, it will give peace of mind to families who need that income to put food on the table or to pay the rent.

And it will help protect millions of jobs, incomes and companies right across our Union.

**This is real European solidarity in action.** And it reflects the fact that **in our Union the dignity of work must be sacred.**

But the truth is that for too many people, work no longer pays.

Dumping wages destroys the dignity of work, penalises the entrepreneur who pays decent wages and distorts fair competition in the Single Market.

This is why the Commission will put forward a legal proposal to support Member States **to set up a framework for minimum wages.** Everyone must have access to minimum wages either through collective agreements or through statutory minimum wages.

I am a strong advocate of collective bargaining and the proposal will fully respect national competencies and traditions.

We have seen in many Member States how a well-negotiated minimum wage secures jobs and creates fairness – both for workers and for the companies who really value them.

**Minimum wages work – and it is time that work paid.**

**The second promise of the social market economy is that of stability.**

The European Union and its Member States responded to an unprecedented crisis with an unprecedented response.

By showing it was **united and up to the task, Europe provided the stability our economies needed.**

The Commission immediately triggered the **general escape clause for the first time in our history.**

We flexibilised our European funds and State aid rules.

Authorising more than **3 trillion euro** in support to companies and industry: From fishermen in Croatia and farmers in Greece, to SMEs in Italy and freelancers in Denmark.

The European Central Bank took decisive action through its PEPP programme.

The Commission proposed NextGenerationEU and a revamped budget in record time.

It combines investment with much needed reforms.

The Council endorsed it in record time.

This House is working towards voting on it with maximum speed.

For the first time – and for exceptional times – Europe has put in place its own common tools to complement national fiscal stabilisers.

**This is a remarkable moment of unity for our Union. This is an achievement that we should take collective pride in.**

Now is the time to hold our course. We have all seen the forecasts. We can expect our economies to start moving again after a 12% drop in GDP in the second quarter.

But as the virus lingers so does the uncertainty – here in Europe and around the world.

So this is definitely **not** the time to withdraw support.

Our economies need continued policy support and a delicate balance will need to be struck between providing financial support and ensuring fiscal sustainability.

In the longer-term there is no greater way to stability and competitiveness than through a stronger Economic and Monetary Union.

**Confidence in the euro has never been stronger.**

The historic agreement on NextGenerationEU shows the political backing that it has.

We must now use this opportunity to make structural reforms in our economies and complete the Capital Markets Union and the Banking Union.

Deep and liquid capital markets are essential to give businesses access to the finance they need to grow and invest in recovery and in the future.

And they are also a pre-requisite to further strengthen the international role of the euro. So let's get to work and finally complete this generational project.

**Honourable Members, the third enduring promise is the promise of opportunity.**

The pandemic reminded us of many things we may have forgotten or taken for granted.

We were reminded how linked our economies are and how crucial a fully functioning Single Market is to our prosperity and the way we do things.

The Single Market is all about opportunity - for a consumer to get value for money, a company to sell anywhere in Europe and for industry to drive its global competitiveness.

And for all of us, it is about the opportunity to make the most of the freedoms we cherish as Europeans. It gives our companies the scale they need to prosper and is a safe haven for them in times of trouble. We rely on it every day to make our lives easier – and it is critical for managing the crisis and recovering our strength.

Let's give it a boost.

We must tear down the barriers of the Single Market. We must cut red tape. We must step up implementation and enforcement. **And we must restore the four freedoms – in full and as fast as possible.**

The linchpin of this is a fully functioning Schengen area of free movement. We will work with Parliament and Member States to bring this high up our political agenda and we will propose a **new strategy for the future of Schengen.**

Based on this strong internal market, the European industry has long powered our economy, providing a stable living for millions and creating the social hubs around which our communities are built.

We presented our new industry strategy in March to ensure industry could lead the twin green and digital transition. The last six months have only accelerated that transformation – at a time when the global competitive landscape is fundamentally changing. This is why we will update our industry strategy in the first half of next year and adapt our competition framework which should also keep pace.



## PROPELLING EUROPE FORWARD: BUILDING THE WORLD WE WANT TO LIVE IN

Honourable Members,

All of this will ensure Europe gets back to its feet. But as we pull through together, we must also propel ourselves forwards to the world of tomorrow.

**There is no more urgent need for acceleration than when it comes to the future of our fragile planet.**

While much of the world's activity froze during lockdowns and shutdowns, the planet continued to get dangerously hotter.

We see it all around us: from homes evacuated due to glacier collapse on the Mont Blanc, to fires burning through Oregon, to crops destroyed in Romania by the most severe drought in decades.

But we also saw nature come back into our lives.

We longed for green spaces and cleaner air for our mental health and our physical wellbeing.

We know change is needed – and we also know it is possible.

**The European Green Deal is our blueprint to make that transformation.**

At the heart of it is our mission to become the first climate-neutral continent by 2050.

But we will not get there with the status quo – we need to go faster and do things better.

We looked in-depth at every sector to see how fast we could go and how to do it in a responsible, evidence-based way.

We held a wide public consultation and conducted an extensive impact assessment.

On this basis, the European Commission is proposing to increase the 2030 target for emission reduction to at least 55%.

I recognise that this increase from 40 to 55 is too much for some, and not enough for others.

But our impact assessment clearly shows that our economy and industry can manage this

And they want it too. Just yesterday, 170 business leaders and investors – from SME's to some of the world's biggest companies - wrote to me calling on Europe to set a target of at least 55%.

Our impact assessment clearly shows that meeting this target would put the EU firmly on track for climate neutrality by 2050 and for meeting our Paris Agreement obligations.

And if others follow our lead, the world will be able to keep warming below 1.5 degrees Celsius.

I am fully aware that many of our partners are far away from that – and I will come back to the Carbon Border Adjustment Mechanism later.

But for us, the **2030 target is ambitious, achievable, and beneficial for Europe.**

We can do it. We have already shown we can do it.

While emissions dropped 25% since 1990, our economy grew by more than 60%.

The difference is we now have more technology, more expertise and more investment. And we are already embarking towards a circular economy with carbon neutral production.

We have more young people pushing for change. We have more proof that what is good for the climate is good for business and is good for us all.

And we have a solemn promise to leave no one behind in this transformation. With our Just Transition Fund we will support the regions that have a bigger and more costly change to make.

We have it all. Now it's our responsibility to implement it all and make it happen.

Honourable Members,

Meeting this new target will reduce our energy import dependency, create millions of extra jobs and more than halve air pollution.

To get there, we must start now.

By next summer, we will revise all of our climate and energy legislation to make it “fit for 55”.

We will enhance emission trading, boost renewable energy, improve energy efficiency, reform energy taxation.

But the mission of the European Green Deal involves much more than cutting emissions.

It is about making systemic modernisation across our economy, society and industry. **It is about building a stronger world to live in.**

Our current levels of consumption of raw materials, energy, water, food and land use are not sustainable.

We need to change how we treat nature, how we produce and consume, live and work, eat and heat, travel and transport.

So we will tackle everything from hazardous chemicals to deforestation to pollution.

This is a plan for a true recovery. It is an investment plan for Europe.

And this is where NextGenerationEU will make a real difference.

Firstly, 37% of NextGenerationEU will be spent directly on our European Green Deal objectives.

And I will ensure that it also takes green financing to the next level.

We are world leaders in green finance and the largest issuer of green bonds worldwide. We are leading the way in developing a reliable EU Green Bond Standard.

And I can today announce that we will set a target of **30% of NextGenerationEU's 750 billion euro to be raised through green bonds.**

Secondly, NextGenerationEU should invest in lighthouse European projects with the biggest impact: hydrogen, renovation and 1 million electric charging points.

Allow me to explain how this could work:

Two weeks ago in Sweden, a unique fossil-free steel pilot began test operations. It will replace coal with hydrogen to produce clean steel.

This shows the potential of hydrogen to support our industry with a new, clean, licence to operate.

**I want NextGenerationEU to create new European Hydrogen Valleys** to modernise our industries, power our vehicles and bring new life to rural areas.

The second example are the buildings we live and work in.

Our buildings generate 40% of our emissions. They need to become less wasteful, less expensive and more sustainable.

And we know that the construction sector can even be turned from a carbon source into a carbon sink, if organic building materials like wood and smart technologies like AI are applied.

**I want NextGenerationEU to kickstart a European renovation wave** and make our Union a leader in the circular economy.

But this is not just an environmental or economic project: it needs to be a new cultural project for Europe. Every movement has its own look and feel. And we need to give our systemic change its own distinct aesthetic – to match style with sustainability.

**This is why we will set up a new European Bauhaus** – a co-creation space where architects, artists, students, engineers, designers work together to make that happen.

**This is NextGenerationEU. This is shaping the world we want to live in.**

A world served by an economy that cuts emissions, boosts competitiveness, reduces energy poverty, creates rewarding jobs and improves quality of life.

A world where we use digital technologies to build a healthier, greener society.

This can only be achieved if we all do it together and I will insist that recovery plans don't just bring us out the crisis but also help us propel Europe forward to the world of tomorrow.

Honourable Members,

Imagine for a moment life in this pandemic without digital in our lives. From staying in quarantine – isolated from family and community and cut off from the world of work – to major supply problems. It is in fact not so hard to imagine that this was the case 100 years ago during the last major pandemic.

A century later, modern technology has allowed young people to learn remotely and millions to work from home. They enabled companies to sell their products, factories to keep running and government to deliver crucial public services from afar. We saw years' worth of digital innovation and transformation in the space of a few weeks.

We are reaching the limits of the things we can do in an analogue way. And this great acceleration is just beginning.

**We must make this Europe's Digital Decade.**

We need a common plan for digital Europe with clearly defined goals for 2030, such as for connectivity, skills and digital public services. And we need to follow clear principles: the right to privacy and connectivity, freedom of speech, free flow of data and cybersecurity.

**But Europe must now lead the way on digital – or it will have to follow the way of others, who are setting these standards for us.** This is why we must move fast.

There are three areas on which I believe we need to focus.

**First, data.**

On personalized data - business to consumer - Europe has been too slow and is now dependent on others.

This cannot happen with industrial data. And here the good news is that Europe is in the lead - we have the technology, and crucially we have the industry.

But the race is not yet won. The amount of industrial data in the world will quadruple in the next five years - and so will the opportunities that come with it. We have to give our companies, SMEs, start-ups and researchers the opportunity to draw on their full potential. And industrial data is worth its weight in gold when it comes to developing new products and services.

But the reality is that 80% of industrial data is still collected and never used. This is pure waste.

A real data economy, on the other hand, would be a powerful engine for innovation and new jobs. And this is why we need to secure this data for Europe and make it widely accessible. We need common data spaces - for example, in the energy or healthcare sectors. This will support innovation ecosystems in which universities, companies and researchers can access and collaborate on data.

**And it is why we will build a European cloud as part of NextGenerationEU** - based on GaiaX.

**The second area we need to focus on is technology - and in particular artificial intelligence.**

Whether it's precision farming in agriculture, more accurate medical diagnosis or safe autonomous driving - artificial intelligence will open up new worlds for us. But this world also needs rules.

We want a set of rules that puts people at the centre. Algorithms must not be a black box and there must be clear rules if something goes wrong. The Commission will propose a law to this effect next year.

This includes control over our personal data which still have far too rarely today. Every time an App or website asks us to create a new digital identity or to easily log on via a big platform, we have no idea what happens to our data in reality.

**That is why the Commission will soon propose a secure European e-identity.**

One that we trust and that any citizen can use anywhere in Europe to do anything from paying your taxes to renting a bicycle. A technology where we can control ourselves what data and how data is used.

**The third point is the infrastructure.**

Data connections must keep pace with the rapid speed of change.

If we are striving for a Europe of equal opportunities, it is unacceptable that 40% of people in rural areas still do not have access to fast broadband connections.

These connections are now the prerequisite for home working, home learning, online shopping and, increasingly by the day, for new important services. Without broadband connections, it is now barely possible to build or run a business effectively.

**This is a huge opportunity and the prerequisite for revitalising rural areas.** Only then can they fully exploit their potential and attract more people and investment.

The investment boost through NextGenerationEU is a unique chance to drive expansion to every village. This is why we want to focus our investments on secure connectivity, on the expansion of 5G, 6G and fiber.

NextGenerationEU is also a unique opportunity to develop a more coherent European approach to connectivity and digital infrastructure deployment.

None of this is an end in itself - it is about Europe's digital sovereignty, on a small and large scale.

In this spirit, I am pleased to announce an **investment of 8 billion euros in the next generation of supercomputers** - cutting-edge technology made in Europe.

And we want the European industry to develop our own next-generation microprocessor that will allow us to use the increasing data volumes energy-efficient and securely.

This is what Europe's Digital Decade is all about!

Honourable Members,

**If Europe is to move forward and move fast, we must let go of our hesitations.**

This is about giving Europe more control over its future.

We have everything it takes to bring it to life. And the private sector is desperately waiting for this too.

There has never been a better time to invest in European tech companies with new digital hubs growing everywhere from Sofia to Lisbon to Katowice. We have the people, the ideas and the strength as a Union to succeed.

And this is why we will invest 20% of NextGenerationEU on digital.

We want to lead the way, the European way, to the Digital Age: based on our values, our strength, our global ambitions.

**A VITAL EUROPE IN A FRAGILE WORLD**

Honourable Members,

Europe is determined to use this transition to build the world we want to live in. And that of course extends well beyond our borders.

The pandemic has simultaneously shown both the fragility of the global system and the importance of cooperation to tackle collective challenges.

In the face of the crisis, some around the world choose to retreat into isolation. Others actively destabilise the system.

**Europe chooses to reach out.**

Our leadership is not about self-serving propaganda. It is not about Europe First. It is about being the first to seriously answer the call when it matters.

In the pandemic, European planes delivering thousands of tonnes of protective equipment landed everywhere from Sudan to Afghanistan, Somalia to Venezuela.

None of us will be safe until all of us are safe – wherever we live, whatever we have.

**An accessible, affordable and safe vaccine is the world's most promising way to do that.**

At the beginning of the pandemic, there was no funding, no global framework for a COVID vaccine – just the rush to be the first to get one.

This is the moment the **EU stepped up to lead the global response**. With civil society, the G20, WHO and others we brought more than 40 countries together to raise 16 billion euro to finance research on vaccines, tests and treatments for the whole world. This is the EU's unmatched convening power in action.

But it is not enough to find a vaccine. We need to make sure that European citizens and those around the world have access to it.

Just this month, the EU joined the COVAX global facility and contributed 400 million euro to help ensure that safe vaccines are available not only for those who can afford it – but for everyone who needs it.

**Vaccine nationalism puts lives at risk. Vaccine cooperation saves them.**

Honourable Members,

We are firm believers in the strength and value of cooperating in international bodies

It is with a strong United Nations that we can find long-term solutions for crises like Libya or Syria.

It is with a strong World Health Organisation that we can better prepare and respond to global pandemics or local outbreaks – be it Corona or Ebola.

And it is with a strong World Trade Organisation that we can ensure fair competition for all.

But the truth is also that the **need to revitalise and reform the multilateral system has never been so urgent**. Our global system has grown into a creeping paralysis. Major powers are either pulling out of institutions or taking them hostage for their own interests.

**Neither road will lead us anywhere. Yes, we want change. But change by design – not by destruction.**

And this is why I want the EU to lead reforms of the WTO and WHO so they are fit for today's world.

But we know that multilateral reforms take time and in the meantime the world will not stop.

**Without any doubt, there is a clear need for Europe to take clear positions and quick actions on global affairs.**

Two days ago, the latest EU-China leaders meeting took place.

The relationship between the European Union and China is simultaneously one of the most strategically important and one of the most challenging we have.

From the outset I have said China is a negotiating partner, an economic competitor and a systemic rival.

We have interests in common on issues such as climate change – and China has shown it is willing to engage through a high-level dialogue. But we expect China to live up to its commitments in the Paris Agreement and lead by example.

There is still hard work to do on fair market access for European companies, reciprocity and overcapacity. We continue to have an unbalanced trade and investment partnership.

And there is no doubt that we promote very different systems of governance and society. We believe in the universal value of democracy and the rights of the individual.

Europe is not without issues – think for example of anti-semitism. But we discuss them publicly. Criticism and opposition are not only accepted but are legally protected.

So we must always call out human rights abuses whenever and wherever they occur – be it on Hong Kong or with the Uyghurs.

But what holds us back? Why are even simple statements on EU values delayed, watered down or held hostage for other motives?

When Member States say Europe is too slow, I say to them be courageous and finally move to qualified majority voting – at least on human rights and sanctions implementation.

**This House has called many times for a European Magnitsky Act – and I can announce that we will now come forward with a proposal.**

We need to complete our toolbox.

Honourable Members,

Be it in Hong Kong, Moscow or Minsk: Europe must take a clear and swift position.

**I want to say it loud and clear: the European Union is on the side of the people of Belarus.**

We have all been moved by the immense courage of those peacefully gathering in Independence Square or taking part in the fearless women's march.

The elections that brought them into the street were neither free nor fair. And the brutal response by the government ever since has been shameful.

**The people of Belarus must be free to decide their own future for themselves.** They are not pieces on someone else's chess board.

To those that advocate closer ties with Russia, I say that the poisoning of Alexei Navalny with an advanced chemical agent is not a one off. **We have seen the pattern in Georgia and Ukraine, Syria and Salisbury – and in election meddling around the world.** This pattern is not changing – and no pipeline will change that.



Turkey is and will always be an important neighbour. But while we are close together on the map, the distance between us appears to be growing. Yes, Turkey is in a troubled neighbourhood. And yes, it is hosting millions of refugees, for which we support them with considerable funding. But none of this is justification for attempts to intimidate its neighbours.

**Our Member States, Cyprus and Greece, can always count on Europe's full solidarity on protecting their legitimate sovereignty rights.**

De-escalation in the Eastern Mediterranean is in our mutual interest. The return of exploratory vessels to Turkish ports in the past few days is a positive step in this direction. This is necessary to create the much needed space for dialogue. Refraining from unilateral actions and resuming talks in genuine good faith is the only path forward. The only path to stability and lasting solutions.

Honourable Members,

**As well as responding more assertively to global events, Europe must deepen and refine its partnerships with its friends and allies.**

And this starts with revitalising our most enduring of partnerships.

We might not always agree with recent decisions by the White House. But we will always **cherish the transatlantic alliance** – based on shared values and history, and an unbreakable bond between our people.

So whatever may happen later this year, we are ready to build a new transatlantic agenda. To strengthen our bilateral partnership – be it on trade, tech or taxation.

And we are ready to work *together* on reforming the international system we built *together*, jointly with like-minded partners. For our own interests and the interest of the common good.

We need new beginnings with old friends – on both of sides of the Atlantic and on both sides of the Channel.

The scenes in this very room when we held hands and said goodbye with Auld Lang Syne spoke a thousand words. They showed an affection for the British people that will never fade.

But with every day that passes the chances of a timely agreement *do* start to fade.

Negotiations are always difficult. We are used to that.

And the Commission has the best and most experienced negotiator, Michel Barnier, to navigate us through.

But talks have not progressed as we would have wished. And that leaves us very little time.

**As ever, this House will be the first to know and will have the last say.** And I can assure you we will continue to update you throughout, just as we did with the Withdrawal Agreement.

That agreement took three years to negotiate and we worked relentlessly on it. Line by line, word by word.

And together we succeeded. The result guarantees our citizens' rights, financial interests, the integrity of the Single Market – and crucially the Good Friday Agreement.

The EU and the UK jointly agreed it was the best and only way for ensuring peace on the island of Ireland.

And we will never backtrack on that. This agreement has been ratified by this House and the House of Commons.

It cannot be unilaterally changed, disregarded or dis-applied. This a matter of law, trust and good faith.

And that is not just me saying it – I remind you of the words of Margaret Thatcher:

*“Britain does not break Treaties. It would be bad for Britain, bad for relations with the rest of the world, and bad for any future Treaty on trade”.*

**This was true then, and it is true today.**

**Trust is the foundation of any strong partnership.**

And Europe will always be ready to build strong partnerships with our closest neighbours.

That starts with the Western Balkans.

The decision six months ago to open accession negotiations with Albania and North Macedonia was truly historic.

Indeed, the future of the *whole* region lies in the EU. We share the same history, we share the same destiny.

**The Western Balkans are part of Europe - and not just a stopover on the Silk Road.**

We will soon present an economic recovery package for the **Western Balkans** focusing on a number of regional investment initiatives.

And we will also be there for the **Eastern Partnership** countries and our partners in the southern neighbourhood– to help create jobs and kickstart their economies.

When I came into office, I chose for the very first trip outside the European Union, to visit the African Union, and it was a natural choice. It was a natural choice and it was a clear message, because we are not just neighbours, we are natural partners.

Three months later, I returned with my entire College to set our priorities for our new strategy with Africa. It is a partnership of equals, where both sides share opportunities and responsibilities.

Africa will be a key partner in building the world we want to live in – whether on climate, digital or trade.

Honourable Members,

**We will continue to believe in open and fair trade across the world.** Not as an end in itself – but as a way to deliver prosperity at home and promote our values and standards. More than 600,000 jobs in Europe are tied to trade with Japan. And our recent agreement with Vietnam alone helped secure historic labour rights for millions of workers in the country.

**We will use our diplomatic strength** and economic clout to broker agreements that make a difference – such as designating maritime protected areas in the Antarctica. This would be one of the biggest acts of environmental protection in history.

**We will form high ambition coalitions** on issues such as digital ethics or fighting deforestation – and develop partnerships with all like-minded partners – from Asian democracies to Australia, Africa, the Americas and anyone else who wants to join.

**We will work for just globalisation.** But we cannot take this for granted. We must insist on fairness and a level playing field. And Europe will move forward – alone or with partners that want to join.

We are for example working on a Carbon Border Adjustment Mechanism.

Carbon must have its price – because nature cannot pay the price anymore.

This **Carbon Border Adjustment Mechanism** should motivate foreign producers and EU importers to reduce their carbon emissions, while ensuring that we level the playing field in a WTO-compatible way.

The same principle applies to **digital taxation**. We will spare no effort to reach agreement in the framework of OECD and G20. But let there be no doubt: should an agreement fall short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year.

**I want Europe to be a global advocate for fairness.**

## A NEW VITALITY FOR EUROPE

Honourable Members,

If Europe is to play this vital role in the world – it must also create a new vitality internally.

And to move forward we must now overcome the differences that have held us back.

The historic agreement on NextGenerationEU shows that it can be done. The speed with which we took decisions on fiscal rules, state aid or for SURE – all this shows it can be done.

So let's do it.

Migration is an issue that has been discussed long enough.

Migration has always been a fact for Europe – and it will always be. Throughout centuries, it has defined our societies, enriched our cultures and shaped many of our lives. And this will always be the case.

As we all know, the 2015 migration crisis caused many deep divisions between Member States – with some of those scars still healing today.

A lot has been done since. But a lot is still missing.

**If we are all ready to make compromises – without compromising on our principles – we can find that solution.**

Next week, the Commission will put forward its New Pact on Migration.

We will take a **human and humane approach**. Saving lives at sea is not optional. And those countries who fulfil their legal and moral duties or are more exposed than others, must be able to rely on the solidarity of our whole European Union.

We will ensure a closer link between asylum and return. We have to make a clear distinction between those who have the right to stay and those who do not.

We will take action to fight smugglers, strengthen external borders, deepen external partnerships and create legal pathways.

And we will make sure that people who have the right to stay are integrated and made to feel welcome.

They have a future to build – and skills, energy and talent.

I think of Suadd, the teenage Syrian refugee who arrived in Europe dreaming of being a doctor. Within three years she was awarded a prestigious scholarship from the Royal College of Surgeons in Ireland.

I think of the Libyan and Somalian refugee doctors who offered their medical skills the moment the pandemic struck in France.

Honourable Members, if we think about what they have overcome and what they have achieved, then we **simply must be able to manage the question of migration together**.

The images of the Moria camp are a painful reminder of the need for Europe to come together.

Everybody has to step up here and take responsibility – and the Commission will do just that. The Commission is now working on a plan for a joint pilot with the Greek authorities for a new camp on Lesbos. We can assist with asylum and return processes and significantly improve the conditions for the refugees.

**But I want to be clear: if we step up, then I expect all Member States to step up too.**

**Migration is a European challenge and all of Europe must do its part.**

We must rebuild the trust amongst us and move forward together.

And this trust is at the very heart of our Union and the way we do things together.

It is anchored in our founding values, our democracies and in our Community of Law – as Walter Hallstein used to call it.

This is not an abstract term. The rule of law helps protect people from the rule of the powerful. It is the guarantor of our most basic of every day rights and freedoms. It allows us to give our opinion and be informed by a free press.

Before the end of the month, the Commission will adopt the first annual rule of law report covering all Member States.

It is a preventive tool for early detection of challenges and for finding solutions.

I want this to be a starting point for Commission, Parliament and Member States to ensure there is no backsliding.

The Commission attaches the highest importance to the rule of law. This is why we will ensure that money from our budget and NextGenerationEU is protected against any kind of fraud, corruption and conflict of interest. This is non-negotiable.

But the last months have also reminded us how fragile it can be. We have a duty to always be vigilant to care and nurture for the rule of law.

Breaches of the rule of law cannot be tolerated. I will continue to defend it and the integrity of our European institutions. Be it about the primacy of European law, the freedom of the press, the independence of the judiciary or the sale of golden passports. European values are not for sale.

Honourable Members,

These values are more important than ever. I say that because when I think about the state of our Union, I am reminded of the words of John Hume – one of the great Europeans who sadly passed away this year.

If so many people live in peace today on the island of Ireland, it is in large part because of his unwavering belief in humanity and conflict resolution.

He used to say that conflict was about difference and that peace was about *respect* for difference.

And as he so rightly reminded this House in 1998: “*The European visionaries decided that difference is not a threat, difference is natural. **Difference is the essence of humanity***”.

These words are just as important today as they ever have been.

Because when we look around, we ask ourselves, *where is the essence of humanity* when three children in Wisconsin watch their father shot by police while they sit in the car?

We ask *where is the essence of humanity* when anti-semitic carnival costumes openly parade on our streets?

*Where is the essence of humanity* when every single day Roma people are excluded from society and others are held back simply because of the colour of their skin or their religious belief?

I am proud to live in Europe, in this open society of values and diversity.

But even here in this Union – these stories are a daily reality for so many people.

And this reminds us that **progress on fighting racism and hate is fragile – it is hard won but very easily lost.**

So now is the moment to make change.

To build a truly anti-racist Union – that goes from condemnation to action.

And the Commission is putting forward an action plan to start making that happen.

As part of this, we will propose to extend the list of EU crimes to all forms of hate crime and hate speech – whether because of race, religion, gender or sexuality.

**Hate is hate – and no one should have to put up with it.**

We will strengthen our racial equality laws where there are gaps.

We will use our budget to address discrimination in areas such as employment, housing or healthcare.

We will get tougher on enforcement when implementation lags behind.

**Because in this Union, fighting racism will never be optional.**

We will **improve education and knowledge** on the historical, cultural causes of racism.

We will **tackle unconscious bias** that exists in people, institutions and even in algorithms.

And we will **appoint the Commission's first-ever anti-racism coordinator** to keep this at the top of our agenda and to work directly with people, civil society and institutions.

Honourable Members,

I will not rest when it comes to building a Union of equality.

A Union where you can be who you are and love who you want – without fear of retribution or discrimination.

Because **being yourself is not your ideology.**

**It's your identity.**

**And no one can ever take it away.**

So I want to be crystal clear – **LGBTQI-free zones are humanity free zones. And they have no place in our Union.**

And to make sure that we support the whole community, the Commission will soon put forward a strategy to strengthen LGBTQI rights.

As part of this, I will also push for mutual recognition of family relations in the EU. **If you are parent in one country, you are parent in every country.**

## CONCLUSION

Honourable Members,

This is the world we want to live in.

Where we are united in diversity and adversity. Where we work together to overcome our differences – and pull each other through when times are hard.

Where we build today the healthier, stronger and more respectful world we want our children to live in tomorrow.

But while we try to teach our children about life, our children are busy teaching us what life is about.

The last year has shown us just how true this really is.

We could speak of the millions of young people asking for change for a better planet. Or of the hundreds of thousands of beautiful rainbows of solidarity posted in the windows of Europe by our children.

But there is one image that stuck in my mind from the last six difficult months. An image that captures the world through the eyes of our children.

It is the image of Carola and Vittoria. The two young girls playing tennis between the rooftops of Liguria, Italy.

It is not just the courage and talent of the girls that sticks out.

It is the lesson behind it. About not allowing obstacles stand in your way, about not letting conventions hold you back, about seizing the moment.

This is what Carola, Vittoria and all the young people of Europe teach us about life every day. It is what Europe's next generation is all about. This is NextGenerationEU.

This year, Europe took a leaf out of their book and took a leap forward together.

When we had to find a way forward for our future, we did not allow old conventions hold us back.

When we felt fragility around us, we seized the moment to breathe new vitality into our Union.

When we had a choice to go it alone like we have done in the past, we used the combined strength of the 27 to give all 27 a chance for the future.

We showed that we are in this together and we will get out of this together.

**Honourable Members,**

**The future will be what we make it. And Europe will be what we want it to be.**

**So let's stop talking it down. And let's get to work for it. Let's make it strong. And let's build the world we want to live in.**

**Long live Europe!**