



European
Commission

The EU in

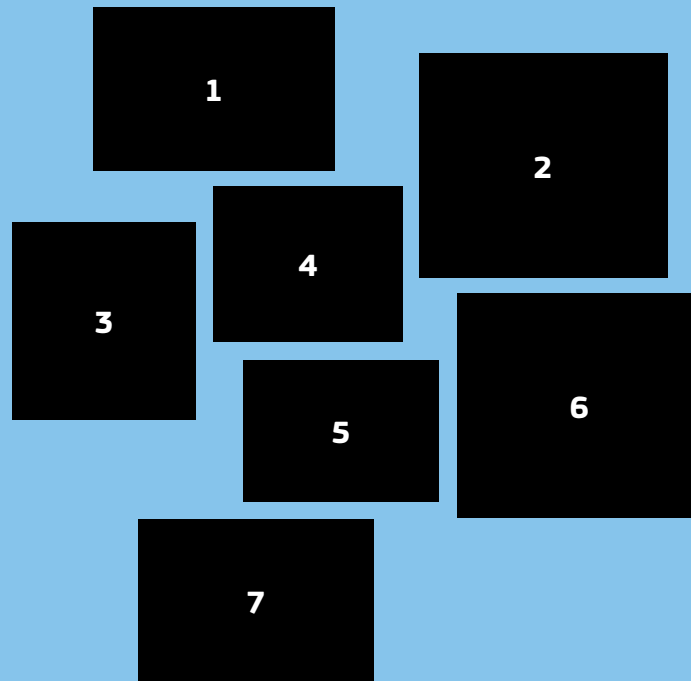


2023

GENERAL REPORT ON THE ACTIVITIES OF
THE EUROPEAN UNION



On the cover



1. On 9 May 2023, Europe Day, Ursula von der Leyen, President of the European Commission (left), travelled to Kyiv, Ukraine, where she met with Volodymyr Zelenskyy, President of Ukraine (right).
2. On 9 August 2023, Ursula von der Leyen, President of the European Commission, travelled to Ljubljana, Slovenia, to express her solidarity and witness the destruction caused by the floods that hit the country.
3. Christine Lagarde, President of the European Central Bank (left), welcomes Roberta Metsola, President of the European Parliament (right), at the ceremony marking the 25th anniversary of the European Central Bank, Frankfurt, Germany, 24 May 2023. (© AFP)
4. (© Adobe Stock)
5. Charles Michel, President of the European Council, chaired a European Council meeting on 14 and 15 December 2023 in Brussels, Belgium. At this meeting, EU leaders gathered to discuss the unfolding situation in the Middle East, continued support for Ukraine in the face of Russia's war of aggression, the EU's long-term budget, enlargement, security and defence, and external relations.
6. Ursula von der Leyen, President of the European Commission (second from left), Jens Stoltenberg, Secretary General of NATO (third from left), and Jonas Gahr Støre, Prime Minister of Norway (left), on a visit to one of the Norwegian company Equinor's natural gas extraction platforms located off the west coast of Norway, 17 March 2023.
7. Many survivors of the earthquake in Türkiye are struggling to overcome the related psychological trauma. With the support of EU humanitarian aid, UNICEF has set up hubs across the affected areas where children and their caregivers can attend psychosocial support sessions. The hubs offer children a safe space to learn, play and heal. August 2023.

The EU in 2023

GENERAL REPORT ON THE ACTIVITIES
OF THE EUROPEAN UNION

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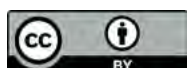
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Foreword



Ursula von der Leyen

President of the
European Commission

2023 was an important year – one in which the European Union continued to meet the aspirations of EU citizens and to address challenges as they emerged. We stayed the course on the six priorities we set out at the beginning of the mandate, while finding bold and ambitious solutions to some of the greatest tests that Europe has ever faced.

From responding to Russia’s brutal war of aggression against Ukraine to managing the worst energy crisis in decades, and from responding to the lightning-speed development of artificial intelligence (AI) to addressing a deepening climate crisis, we rolled up our sleeves and tackled extraordinary challenges head-on. We have shown that our Union is at its best when we are bold.

For the second year in a row, Europe stood up for Ukraine, with unity, strength and resolve, every step of the way. We paved the way for hosting more than 4 million Ukrainian refugees in the European Union and organised resolute financial, humanitarian and military assistance – reaching over €88 billion so far. And we have shown that we will stand by Ukraine for as long as it takes. Through the new Ukraine Facility, we will deliver another €50 billion over the next 4 years, to help provide basic services – keep schools open, pay salaries and pensions – while Ukraine’s people continue to fight back against the invader. 2023 will remain engraved in the memories of Ukrainian people as the year when their dreams came closer to coming true.

Recognising Ukraine's tremendous progress and responding to the aspirations of the Ukrainian people, our Union took the historic decision to open accession negotiations with the country, based on the Commission's recommendation.

At the same time, our Union persevered with the transformation of our economy. First, it has driven forward digitalisation. Our European Chips Act has already generated over €100 billion of planned investment – both public and private – along the entire value chain. And with our Artificial Intelligence Act, Europe became the first continent to have a dedicated AI regulation in place, focused on high-risk uses. More than a rulebook, it is a springboard for our companies to lead the way in developing trustworthy AI.

Our Union has also pushed forward the transition to a clean economy. We put in place a framework to deliver a reduction of at least 55 % in carbon dioxide emissions by the end of this decade, and thus to keep Europe on track to becoming climate neutral by 2050. Also, with our Net-Zero Industry Act, we are bolstering the EU's clean-energy manufacturing capacity, to boost our industrial competitiveness and resilience. We will support European businesses in delivering the transition while maintaining their competitive edge, so that Europe remains a prime destination for investment that brings stable, future-proof quality jobs, with a strong industrial base.

To adapt to shifting geopolitical realities, Europe set out its first-ever strategy on economic security. We also took concrete steps to increase our resilience by reducing dependencies and de-risking our economy. This will ensure our sovereignty, security and prosperity for the years to come. This aim is also supported by our NextGenerationEU recovery plan, worth more than €800 billion, which is propelling our economies with a combination of investment and reforms. It has continued to fund hundreds of green and digital projects in Europe, delivering tangible results for Europeans – from offshore wind farms to electric trains, from top-notch digital public services to world-class hospitals.

Looking ahead, 2024 will be a special time for our continent, as Europeans head to the polls to elect a new generation of leaders. It will be an opportunity to reflect on how democracy delivers to make our societies fairer, our industries more competitive and our economies more resilient. I am confident that our Union will continue to stand tall. Because Europe is always strongest when the challenges are great.

Long live Europe!

Ursula von der Leyen

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1. The EU's response to Russia's war of aggression against Ukraine

Introduction

Russia's war of aggression against Ukraine is a threat to the very essence of democracy, and reminds the global community of the dangers of authoritarianism. The European Union's unwavering support for Ukraine is more than solidarity with a neighbouring country in the face of an unlawful and unjustified invasion; it reflects a shared commitment to democratic principles and to the safeguarding of the rules-based international order and peace in Europe. In 2023, the EU continued to provide support to Ukraine in the face of Russia's unprovoked and unjustified war of aggression and its illegal annexation of parts of Ukrainian territory. This

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Russian troops attempted to interrogate Oksana regarding her grandson, a Ukrainian soldier. Once they withdrew, her home was destroyed by artillery fire. EU humanitarian funding is helping people like Oksana by providing them with food, water, essential household items, healthcare, including mental health and psychosocial support, and emergency shelter. 21 March 2023.

chapter shows the various ways in which the EU stands by Ukraine, which include providing financial, civil protection and humanitarian aid; countering disinformation; welcoming Ukrainian refugees; military assistance and training; assisting in Ukraine's defence and reconstruction; and ensuring that Russia faces consequences for its crimes through sanctions and prosecution.

Solidarity with Ukraine

Financial assistance and military support

By the end of 2023, the EU and its Member States had made available close to €85 billion in overall assistance to Ukraine and its people since the start of Russia's war of aggression. This includes, in particular, €25.2 billion of macro-financial assistance, including a support package of €18 billion for Ukraine in 2023 through the Macro-Financial Assistance Plus instrument. Macro-financial assistance is a type of financial aid provided by the EU to help partner countries facing serious financial difficulties stabilise their economies and make necessary reforms. These funds are helping Ukraine to continue to pay wages and pensions; to keep essential public services running, such as hospitals, schools, and houses for relocated people; and to restore critical infrastructure. They are also helping

the country carry out institutional reforms, such as anti-corruption and judicial reforms.

The combined military assistance provided to Ukraine by the EU and its Member States to date amounts to more than €27 billion, including €5.6 billion allocated via the European Peace Facility. This includes the joint procurement and immediate delivery of ammunition to Ukraine agreed in March 2023, with about 313 600 rounds of ammunition and 3 315 missiles delivered at the end of the year. The European Peace Facility is also contributing to enhancing the capabilities of the Ukrainian Armed Forces through the EU Military Assistance Mission in Support of Ukraine, with an allocation of €362 million managed by the Council of the European Union. The bulk of the remaining military assistance to Ukraine is provided and financed bilaterally by Member States.

→ The European Commission's meeting with the Ukrainian government in Kyiv, Ukraine, 2 February 2023.



Military support

The European Peace Facility is an instrument that is used to finance external action that has military or defence implications. It also enables the provision of assistance to partner countries in peacekeeping operations. It is funded by the Member States.

The facility has had a central role in providing military support to Ukraine. Since the start of Russia's unprovoked and unjustified military aggression against Ukraine, the EU has adopted seven support packages through this instrument. The support takes the form of deliveries of defensive military equipment to the Ukrainian Armed Forces, along with the three-track ammunition initiative to support the Ukrainian Armed Forces, for a total amount of €5.6 billion.

Through the facility, the EU is also funding the training of the Ukrainian Armed Forces via the EU Military Assistance Mission, which has headquarters in Poland and Germany. For the first time in its history, therefore, the EU is providing military training to a country at war. By the end of 2023, the mission had trained around 39 000 Ukrainian soldiers.

In response to the Council's urgent call to deliver ammunition to Ukraine, the Commission proposed the Act in Support of Ammunition Production in May 2023. Adopted in July, the act aims to strengthen the responsiveness of the EU defence industry and its ability to ensure the timely supply of ammunition and missiles in Europe. The Commission allocated €500 million for this purpose, using grants to be issued in 2024 to enhance and expedite production. (See Chapter 8 for details on the EU's enhanced defence capabilities.)

The abovementioned total of almost €85 billion also includes €17 billion made available to Member States to host and support refugees. The EU is providing temporary protection to almost 4.2 million Ukrainian refugees currently living in the EU.

The EU, along with its Member States, has also committed around €3 billion for humanitarian aid in Ukraine. Of this amount, the Commission has directly provided around €800 million. (See the section 'Humanitarian and civil protection aid for Ukraine' below for more details.)

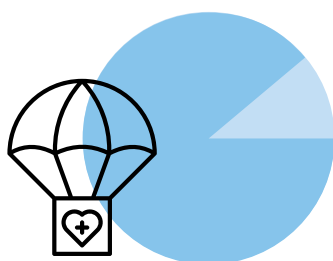


Volodymyr Zelenskyy, President of Ukraine (foreground, right), and Josep Borrell, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission in charge of a Stronger Europe in the World (foreground, left), ahead of a round-table meeting at the Special European Council in Brussels, Belgium, 9 February 2023.

In June, Ukraine was given access to the EU's programme for infrastructure funding, the Connecting Europe Facility. This means that Ukraine can now apply for EU funding for infrastructure projects that will improve its energy, transport and digital connections with the EU. 2023 also saw the historic decision by the EU to open accession negotiations with Ukraine, acknowledging the

significant efforts it has made to align with EU standards (see Chapter 8).

Finally, the EU also supported Ukraine's neighbours throughout the year, particularly Moldova, which received €58 million of humanitarian assistance, an increase in macro-financial assistance and access to the EU's programme for infrastructure funding.



89 % of people in the EU agree that the EU should continue to provide humanitarian support to the people affected by the war in Ukraine.



85 % of people in the EU agree that Russia's invasion of Ukraine shows the EU needs to ensure its energy and economic security.



79 % of people in the EU agree that Russia's invasion of Ukraine shows the EU needs to increase military cooperation between Member States.



77 % of people in the EU agree that the Russian authorities should be held accountable for the current situation in Ukraine.



71 % of people in the EU agree that the EU should continue to show solidarity with Ukraine.

Sources: [Flash Eurobarometer 533](#), September 2023; [Standard Eurobarometer 100](#), December 2023.

EU sanctions

In addition to financial aid and other tangible support for Ukraine and its people, the EU has imposed unprecedented and far-reaching sanctions against Russia in response to its war of aggression against Ukraine.

Sanctions are one of the EU's instruments in response to this unjust and illegal war, with the aim

being to weaken Russia's economic capacity and limit its ability to finance its war of aggression. In this sense, sanctions fulfil the EU's key objective, which is to continue to work for a just and lasting peace. Since 23 February 2022, the EU has imposed a total of 12 sanctions packages against Russia. They target not only specific people and entities, but also the financial, industrial, transport and energy sectors.

In February and June 2023, the EU adopted its 10th and 11th packages of sanctions against Russia. These added 225 individuals and entities to the EU's sanctions list. The additional measures included new bans on exporting critical technology and industrial goods to Russia, particularly technology with potential military applications. Furthermore, these packages targeted additional Russian sources of disinformation, expanded the list of prohibited imports from the country and introduced measures to prevent the circumvention of these sanctions, including efforts for greater cooperation with key non-EU countries to better monitor, control and block re-exports.

The 12th and most recent sanctions package was adopted on 18 December, and added another 140 individuals and companies to the sanctions list. New import and export bans – such as a ban on the export of Russian diamonds to the EU – were also established, and will be carried out in close cooperation with the G7 partners. Moreover, the package strengthened the implementation of the oil price cap by introducing new measures to better monitor how tankers are being used to circumvent the cap. It also included stricter asset-tracing obligations and tough measures on non-EU companies circumventing sanctions.

Together with its partners, the EU has agreed a priority list of sanctioned battlefield goods. Businesses should apply due diligence to these goods, and non-EU countries must not export them to Russia. In addition, the EU has identified economically critical goods that are experiencing anomalous trade flows. These goods have been tracked moving to Russia via certain non-EU countries.

Asset-freezing measures are one of the most visible and politically important types of sanction. In total, almost 1 950 entities and individuals are currently subject to restrictive measures, and over €28 billion of assets belonging to Russian and Belarusian oligarchs and companies have been frozen. Member States have also reported over €200 billion of frozen Russian central bank assets in the EU.

The war itself, and restrictive measures, are putting Russia's economy under considerable strain, as they are contributing to rapidly growing expenditure, a

depreciating rouble, increasing inflation and a tight labour market reflecting a loss of workers. The rouble has lost about 40 % of its value from its peak in summer 2022, which has forced the Russian central bank to raise its interest rates from 8 % to 16 % and to strengthen capital controls. Budget revenues from oil and gas fell by 40 % in 2023 thanks to the oil price cap agreed with the G7 partners. This effect will only intensify over time, as the measures have been designed to have a long-term impact on Russia's budget and on its industrial and technological base.

Sanctions are also being imposed on Russia's ally, Belarus. On 3 August 2023, the Council adopted a seventh package of sanctions in response to human rights violations and the repression of civil society within the country. The EU is not imposing blanket sanctions on the entire country, but instead targeting strategic sectors of the Belarusian economy, such as the arms trade, the trade in technologies with potential military use and the trade in goods used in the aviation and space industries.

Countering disinformation

Through its state-owned news outlets and affiliated channels, Russia disseminates skewed information and war propaganda, attempting to rationalise its aggressive actions against Ukraine and shift blame onto Ukraine and the West. To counter this, the EU supports Ukraine's outreach towards global partners, including in international forums and discussions. The EU acts on many levels to reach as many people as possible, supporting government institutions, civil society, media organisations and online platforms in line with the updated [Code of Practice on Disinformation](#).

As part of the sanctions against Russia, the EU has suspended the broadcasting activities of numerous Russian state-owned and pro-Kremlin disinformation outlets. More generally, 2023 marked a step change in the fight against disinformation in the EU. With the entry into force of the [Digital Services Act](#), providers of very large online platforms and of very large online search engines need to routinely evaluate any potential societal risks posed by their services. These include threats to freedom of expression and the risk of their services being used for disinformation campaigns.

In July, the Commission [launched a call for proposals](#) worth €1.2 million for projects that can decipher how disinformation narratives on Russia's war against Ukraine, elections and the LGBTIQ community emerge online and offline, and how to tackle them once they do. These projects will form part of the wider efforts to fight disinformation, such as the [EUvsDisinfo](#) platform and the [Rapid Alert System](#).

Targeted social media communications and campaigns to debunk Russian disinformation on sanctions and on food and energy security continued in 2023. Finally, to make sure displaced people from Ukraine are aware of their rights, the Commission carried out an awareness-raising campaign on the importance of using official sources of information.

Humanitarian and civil protection aid for Ukraine

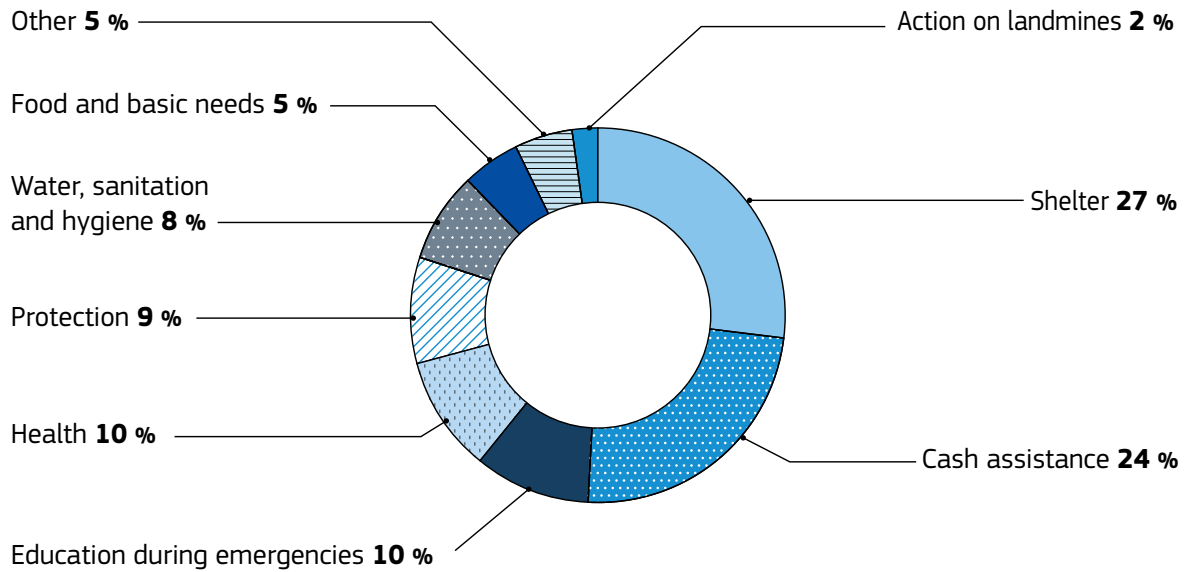
[EU civil protection and humanitarian funding](#) helps people inside Ukraine through multiple forms of support. In total, this help is worth around €1.6 billion (around €800 million in humanitarian aid and €800 million in civil protection in-kind offers). The humanitarian aid includes providing food, water, essential household items, healthcare, mental health and psychosocial support, and emergency shelter. The EU's aid to Ukraine also includes helping young Ukrainians continue their education and delivering cash assistance to help cover basic needs. The EU coordinates its humanitarian and development aid through a [nexus approach](#), ensuring not only that it addresses immediate needs, but also that it is sustainable in the long run.

Psychosocial support is extended to displaced people in the Member States via the [EU4Health](#) programme and, in large part, with the collaboration of the International Federation of Red Cross and Red Crescent Societies. In addition, the EU is coordinating medical evacuations of Ukrainian patients in urgent need of treatment, transferring them to hospitals across Europe to receive specialised care. Almost 3 000 patients needing medical evacuation were successfully transferred to 22 Member States or European Economic Area countries between March 2022 and 19 December 2023.



←
PODCAST Listen to or read this article published by EUvsDisinfo on the way Russia twists the truth.

EU humanitarian funding to Ukraine in 2023 by sector



Through its [Emergency Response Coordination Centre](#), the EU is coordinating its largest-ever civil protection operation to provide emergency assistance to people in need (see Chapter 8).

All 27 Member States, along with Iceland, North Macedonia, Norway, Serbia and Türkiye, have offered in-kind assistance through the EU Civil Protection Mechanism, ranging from medical supplies, shelter items and vehicles to firefighting and energy equipment. To channel these emergency items to Ukraine, the EU has opened additional logistical hubs in Poland, Romania and Slovakia. By the end of 2023, almost 100 000 tonnes of such assistance had been delivered to Ukraine.

→ Russia is targeting Ukraine's energy infrastructure. To power Ukrainian services and provide heating amidst freezing winter temperatures, the EU has donated more than 5 500 power generators and over 6 million pieces of electrical equipment. This transformer, worth more than €2 million, was offered by Litgrid, a Lithuanian electricity company, and is part of the biggest logistics operation coordinated under the EU Civil Protection Mechanism. 24 January 2023.



The EU has also deployed assistance from its rescEU stockpiles. rescEU is a reserve of European capacities, fully funded by the EU. It includes a fleet of firefighting planes and helicopters, medical evacuation planes and a stockpile of medical items and field hospitals that can respond to emergencies. For Ukraine, the EU has deployed power generators, medical equipment and temporary shelter units.

Additionally, water treatment stations were dispatched in response to the Nova Kakhovka dam breach, while specialised equipment – such as decontaminants, protection suits and iodine pills – was supplied in response to public health risks, such as chemical, biological, radiological and nuclear threats.



To help Ukrainian children return to school, the EU launched the campaign ‘School buses for Ukraine’ in December 2022. As a result, more than 380 buses were sent to Ukraine by the EU and its Member States.

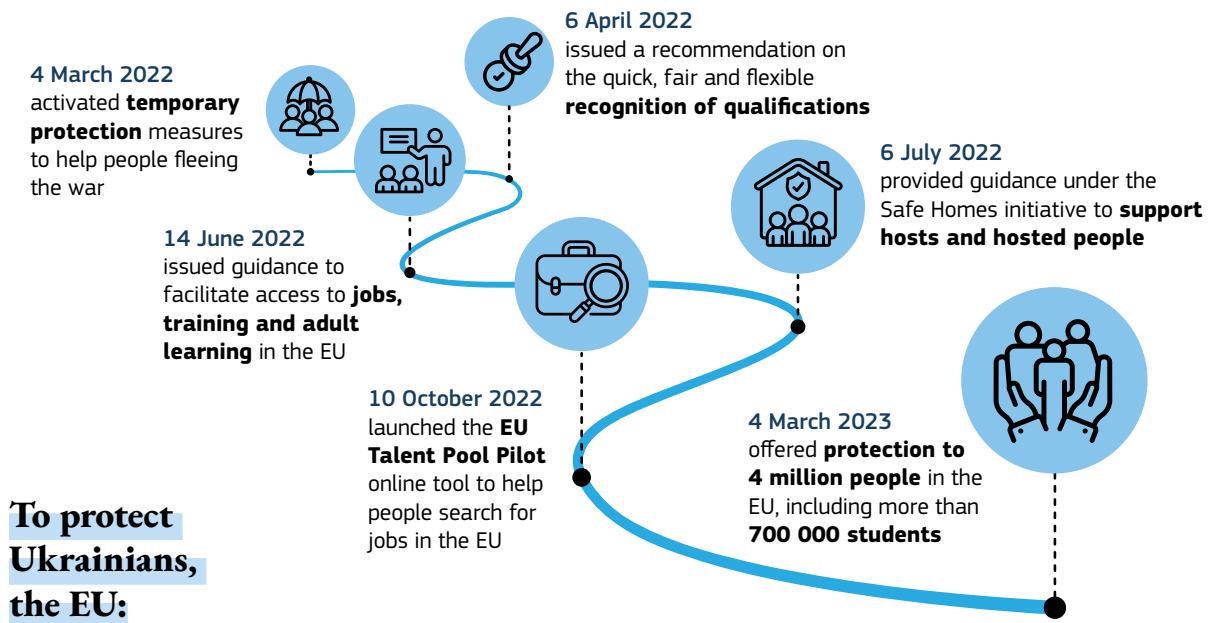
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A bus donated by the city of Luxembourg leaving the EU Civil Protection Mechanism’s logistic hub, Suceava, Romania, July 2023.

Welcoming those fleeing the war

Russia’s unprovoked and unjustified war of aggression against Ukraine triggered the largest forced displacement of people in Europe since the Second World War. To protect the rights of people fleeing to the EU from Ukraine, the EU swiftly introduced the Temporary Protection Directive. By the end of 2023, almost 4.2 million people from

Ukraine enjoyed the right to residence, housing, healthcare, education and work in the EU. In October, this temporary protection was extended until March 2025. The Solidarity Platform helped Member States to coordinate the reception of refugees from Ukraine, and continues to help implement the directive.



Ensuring swift and effective integration into the labour market is another important way in which the EU welcomes those fleeing the armed conflict. Measures adopted under the cohesion policy in 2022, such as the [Cohesion's Action for Refugees in Europe](#) and [Flexible Assistance to Territories](#) packages, introduced the necessary flexibility in the cohesion-policy funding rules to ensure that Member States could use this funding to welcome refugees from Ukraine. In 2023, these measures continued to allow funding to be allocated to social integration programmes, healthcare, food, basic assistance and orientation for the job market. The latter area includes language courses, education, social services and childcare. Employment helps people rebuild their lives, develop their skills, contribute to their host communities and, eventually, support reconstruction in Ukraine.

More than 1.5 million Ukrainians are now working in the EU.

Source: [European Network of Public Employment Services survey](#).

The EU is helping Ukrainians integrate into the labour market by allowing for the swift validation of skills and the recognition of professional and academic qualifications. It has set up the [EU Talent Pool Pilot](#), an online job-searching tool that matches people who have fled the war in Ukraine with suitable jobs and vacancies. In addition, Member States' public employment services connect jobseekers with employers at the national level. In July, the European Network of Public Employment Services adopted common guidelines to further support labour market integration.

The EU is also dedicated to ensuring access to high-quality education for displaced Ukrainian children. It has mobilised several tools, mainly under the [European Education Area strategic framework](#), such as policy guidance on peer learning, online platforms and funding. The [Erasmus+](#) funding programme is also being used to support the education of refugee students. Higher education is further supported through the [MSCA4Ukraine](#) fellowship scheme. Thanks to the funding and support provided by this initiative, by the end of 2023, 124 Ukrainian researchers had been able to continue their work in the EU and in various non-EU countries that are part of the Horizon Europe programme.

In addition, the Commission has launched [three new initiatives](#) to boost the EU's cooperation on research and innovation with Ukraine: a [new Horizon Europe office in Kyiv](#); the [new European Innovation Council initiative to support the Ukrainian deep tech community](#); and a [new European Institute of Innovation and Technology community hub](#).

Lastly, the EU knows the value of cultural expression in helping people process traumatic events and in creating a sense of community and mutual understanding. In 2022, the EU's Creative Europe programme [launched a call for projects](#) that would support artists and cultural organisations outside of Ukraine. In May 2023, the [winners](#) were announced: the ZMINA, Culture Helps and U-RE-HERIT consortia will support Ukrainian artists and contribute to the reconstruction of Ukraine's cultural heritage.

Integration into the Single Market and other agreements

In April 2023, [Ukraine joined the EU Civil Protection Mechanism](#) as a participating state. In August, while still in the process of formal accession to the mechanism, Ukraine contributed 51 first responders and 19 vehicles to assist in rescue efforts in Slovenia following devastating floods. As a fully participating state, Ukraine will be able to dispatch aid via the mechanism alongside other members when another country faces a crisis, offering the same solidarity it has received. It also signals an important step towards EU integration for Ukraine and extends the EU Civil Protection Mechanism's Eastern Neighbourhood.



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From left to right: Ihor Klymenko, Ukrainian Minister for Internal Affairs, Olha Stefanishyna, Deputy Prime Minister for European and Euro-Atlantic Integration of Ukraine, and Janez Lenarčič, European Commissioner for Crisis Management, at the signing of an agreement granting Ukraine full membership of the EU Civil Protection Mechanism, Kyiv, Ukraine, 20 April 2023.

Ukraine has been further integrated into the EU's Single Market by joining the [Single Market Programme](#), signing an association agreement at a [meeting between the European Commissioners and the Ukrainian government](#) in Kyiv on 2 February 2023. This agreement allows small and medium-sized enterprises in Ukraine to benefit from specific calls for proposals that can result in funding, and to participate in initiatives like [Erasmus for Young Entrepreneurs](#) and the [Enterprise Europe Network](#).

[Two calls for proposals](#), with a total budget of €7.5 million, were launched specifically to support the integration of Ukrainian small and medium-sized enterprises into the Single Market. In addition, work progressed swiftly on the negotiations for an [Agreement on Conformity Assessment and Acceptance of Industrial Products with Ukraine](#). This agreement, once in place, will foster economic integration, thereby assisting the Ukrainian economy and Ukrainian businesses in their recovery.



See how [Erasmus for Young Entrepreneurs supports Ukrainian entrepreneurs](#).



See how the [EU and the Enterprise Europe Network support Ukraine](#).

Ukraine also benefits from another important Single Market feature. In April 2022, the EU collaborated with European and Ukrainian mobile operators to offer affordable or free roaming between the two regions. This agreement, renewed in July 2023 for another year, aids those displaced from Ukraine in maintaining contact across borders, with operators further reducing connection costs.



Simultaneously, the Commission is working on embedding this roaming agreement into the EU–Ukraine Association Agreement. Once finalised, it will ensure cost-free mobile use for both Ukrainian visitors in the EU and EU travellers in Ukraine. The pace of Ukraine’s integration into the EU’s roaming market will depend on its adoption and execution of relevant EU laws.

Food security

Russia is worsening the world food security crisis by deliberately blocking grain exports via the Black Sea, targeting grain silos and agricultural infrastructure in Ukraine and limiting the export of agricultural goods and fertilisers.



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The unloading of Ukrainian grain from a barge on the Danube River, Moldova, 12 December 2022.

In 2022, the EU, its Member States, Ukraine and Moldova established the EU–Ukraine Solidarity Lanes to get the grain trapped in Ukraine out to the rest of the world. These alternative routes, spanning railways, roads and waterways, facilitate both exports from Ukraine and vital imports such as humanitarian aid and fertilisers.

The Solidarity Lanes: a critical role in global food security

In total, in 2022 and 2023, the Solidarity Lanes enabled Ukraine to:

- export over 65 million tonnes of agricultural products, including nearly 61 million tonnes of grain, oilseeds and related products, including to those countries most affected by food scarcity;
- export over 51 million tonnes of non-agricultural products from Ukraine, such as ores, iron, steel and wood;
- generate about €44 billion for Ukrainian farmers and businesses;
- import over 43 million tonnes (with a value of €88 billion) of crucial goods such as fuel.

In June 2023, the EU announced that it was investing €250 million in nine cross-border projects to improve connections between Ukraine, Moldova and their EU neighbours Hungary, Poland, Romania and Slovakia. The projects include studies and works at rail and road border-crossing points to extend and upgrade infrastructure, improve parking areas and improve transshipment facilities and equipment.

Finally, a Joint Coordination Platform was set up in 2023 to improve the flow of trade between the EU and Ukraine. The platform's efforts intensified following Russia's termination of the Black Sea Grain Initiative on 17 July, effectively halting grain exports via the Black Sea route.

Supporting Member States

The effects of Russia's war of aggression against Ukraine are being felt beyond Ukraine's borders. As neighbours of Ukraine, the Member States are also being affected, particularly in the areas of energy and food markets. (For more information on how the EU is addressing the energy crisis, see Chapter 4.)

In 2023, the EU authorised €487 billion in State aid to support Member States in the context of Russia's war of aggression against Ukraine.

The Temporary Crisis and Transition Framework, applicable as of 9 March 2023, is one of the tools that Member States can use to mitigate the war's effect on their economies.

In addition, after suspending cooperation programmes with Russia and its ally Belarus, in 2023 the EU transferred an additional €135 million initially envisaged for projects with these two countries to other programmes that will strengthen the cooperation between Member States and Ukraine and Moldova.

During the year, the EU also ensured that all regions in Estonia, Latvia, Lithuania, Poland and Finland that were supposed to participate in cooperation programmes with Russia and Belarus could participate in other existing interregional cooperation programmes.

The Temporary Crisis and Transition Framework gives Member States the flexibility they need to:



grant limited amounts of aid to companies affected by the current crisis or by the related sanctions and countersanctions



ensure that sufficient liquidity remains available to businesses



compensate companies for the additional costs incurred due to exceptionally high gas and electricity prices



The wheat harvest in the Donetsk region, Ukraine, 4 August 2023.

Supporting EU farmers

Given the importance of Russia and Ukraine to the global supply of cereals and oilseeds, Russia's ongoing war against Ukraine has created great uncertainty and volatility on these markets.

As Ukraine's usual export routes through Black Sea ports have been blocked or heavily restricted, exports have not reached their destinations as effectively as before. Instead, Ukrainian cereals and oilseeds have increasingly been found in the markets of Member States neighbouring Ukraine, creating logistical bottlenecks.

In 2023, the EU introduced two support packages and a temporary ban on the import of wheat, maize, rapeseed and sunflower seed from Ukraine to Bulgaria, Hungary, Poland, Romania and Slovakia, under the [Autonomous Trade Measures for Ukraine Regulation](#). This helped to alleviate logistical bottlenecks and address the concerns of farmers in the affected Member States, while still allowing the EU to continue its economic support of Ukraine in the form of zero tariffs on all Ukrainian imports.

In total, more than €156.3 million was provided from the Common Agricultural Policy agricultural reserve to support those farmers most affected in the five Member States neighbouring Ukraine. The Member States concerned were also permitted to use national means of support to provide additional compensation, if necessary, through either a top-up or dedicated State aid. Moreover, in a [third support package](#), the Commission mobilised an additional €330 million of funding to be allocated to EU farmers in other Member States impacted by high input costs and specific problems caused by the Russian war of aggression. The recently established [European Food Security Crisis Preparedness and Response Mechanism](#) enabled the swift mobilisation of expertise and drew the attention of public and private stakeholders to problems and bottlenecks at an early stage. The outcome of the discussions among these stakeholders directly informed the EU's responses.

Investigation and prosecution of war crimes

Since Russia's war of aggression against Ukraine began, Russian authorities have continually violated international human rights, with numerous reports of war crimes and attacks on civilians. By the end of 2023, Ukraine and 16 Member States had launched investigations into the international crimes committed by Russia in Ukraine.

Six days after the war began, the [European Union Agency for Criminal Justice Cooperation](#) (Eurojust) helped establish a [joint investigation team](#) with the purpose of collecting evidence and investigating war crimes and crimes against humanity. Today, the team consists of Ukraine, six Member States, the

International Criminal Court and the European Union Agency for Law Enforcement Cooperation.

Because of the complexity of gathering evidence of international crimes (e.g. collecting testimonies from people in different countries), Eurojust also set up a database in 2023 to preserve and store evidence of these crimes (the [Core International Crimes Evidence Database](#)). Eurojust will lend its expertise to this database by analysing the evidence, and will provide practical guidance to national judicial authorities in identifying evidence located in other countries that may be relevant to their own investigations.



Eurojust also hosts the newly established International Centre for the Prosecution of the Crime of Aggression against Ukraine. Opened in July 2023, the centre is composed of independent national prosecutors from the joint investigation team's members and six Ukrainian prosecutors, and was set up to prepare and contribute to any future prosecution of Russia's crime of aggression against Ukraine. A crime of aggression is when high-ranking political and military leaders plan, initiate or carry out large-scale acts of aggression using state military force. This is the first time in history that such a crime is being investigated as it unfolds.

At the centre, prosecutors will be able to work together on-site, enabling them to exchange evidence quickly and agree on the way in which they will carry out their investigative and prosecution strategy. The Core International Crimes Evidence Database will be central to its work, and the evidence collected by the centre can be used before other jurisdictions, including national and international courts.

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The launch of the International Centre for the Prosecution of the Crime of Aggression against Ukraine, The Hague, Netherlands, 3 July 2023. Background, from left to right: Kenneth Polite, US Assistant Attorney General for the Criminal Division, Andriy Kostin, Prosecutor General of Ukraine, Dilan Yeşilgöz-Zegerius, Dutch Minister for Justice and Security, Ladislav Hamran, President of Eurojust, Didier Reynders, European Commissioner for Justice, and Karim Asad Ahmad Khan, Prosecutor of the International Criminal Court.

Through its Freeze and Seize Task Force, Eurojust is also ensuring that EU sanctions are properly implemented. The task force is investigating possible links between criminal activity and Russian and Belarusian individuals and businesses. It is also looking at how criminal-law measures such as asset confiscation can contribute to the reconstruction of Ukraine.

Eurojust support for justice for Ukraine



Ukraine's reconstruction

The EU is committed to ensuring that Russia will pay for the damage caused in Ukraine. As such, it is exploring options to support the reconstruction of Ukraine – in line with EU and international law – with the extraordinary revenues generated by the management of the Russian central bank reserves that are currently frozen in the EU because of sanctions. To this end, in December the Commission adopted proposals on the freezing of extraordinary windfall revenues from Russian central bank assets.

The EU is also coordinating the reconstruction of Ukraine with its international partners. The EU, Ukraine and G7 partners launched the G7 Multi-agency Donor Coordination Platform in January 2023. The platform plays a key role in coordinating support for Ukraine's immediate financing needs and for its future economic recovery and reconstruction across various sources and established financing instruments.

During the February visit to Ukraine by the College of Commissioners, the EU announced a €1 billion aid package for the reconstruction efforts as part of its overall package of assistance to the country. The Commissioners and the Ukrainian government also discussed how the EU could help Ukraine rebuild its

cities in a sustainable and inclusive way. The Phoenix (Project for a Holistic Orientation towards Environmental New Infrastructure in Ukrainian Cities) initiative was launched in March. The initiative will allow Ukrainian cities access to cutting-edge technologies and expertise from the New European Bauhaus community. It will also connect Ukrainian cities with similar ones in the EU to exchange know-how and good practices on how to build climate-neutral and more energy-efficient cities. It will combine funding from the Horizon Europe Mission for Climate-Neutral and Smart Cities and the LIFE programme, with the immediate mobilisation of at least €7 million.

Finally, at the Ukraine Green Recovery Conference that took place between 28 November and 1 December in Vilnius, Lithuania, the EU reaffirmed its continued support for Ukrainian municipalities and presented the ongoing implementation and the first results of the Phoenix initiative. In parallel, the Circular Economy Mission brought EU companies and industry stakeholders focusing on the circular economy together with Ukraine-based businesses and public buyers, boosting the business dimension of Ukraine's green recovery.



At the Ukraine Recovery Conference in London, in June, the EU presented a new facility proposing up to €50 billion in grants and loans to aid Ukraine's recovery and modernisation from 2024 to 2027.

This demonstrated the EU's unwavering support for Ukraine amid Russia's ongoing war of aggression and affirmed its commitment to Ukraine's path towards EU membership.

Additionally, the EU signed agreements amounting to more than €800 million to mobilise private investment for the recovery and reconstruction of Ukraine's economy.



Ursula von der Leyen, President of the European Commission, speaking at the Ukraine Recovery Conference, London, United Kingdom, 21 June 2023.



© AFP

2. Strengthening the economy and the EU's competitiveness

Introduction

In 2023, the European Union continued to focus on boosting competitiveness and making its economy green, digital, inclusive and resilient. With the Green Deal Industrial Plan, proposed in 2023, the EU aims to enhance the competitiveness of net-zero technologies and support the fast transition to climate neutrality. The EU also put forward a strategy for achieving economic security in the EU and set out key indicators for strengthening its long-term competitiveness. Furthermore, it updated the sustainable finance framework and took steps towards reforming the customs union. 2023 also marked the 30th anniversary of the Single

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Employees oversee the assembly of an electric vehicle at the Neapco Europe facility in Dueren, Germany, 22 August 2023.

Market, and during the year the EU introduced a unitary patent system and measures to facilitate cross-border business. To ensure the EU economy benefits from digitalisation, the EU proposed a legal framework for a digital euro – which will complement the continued use of cash – and introduced a customs data hub. In addition, it submitted several legislative proposals that will bolster its capital markets union by making it safer for retail investors to invest; introduced legislation to counter the distortive effects of foreign subsidies on EU markets; and reformed and introduced frameworks to make banks more resilient during economic shocks.

Continued recovery and long-term resilience

Trends

In 2023, the EU economy continued to grow, albeit with reduced momentum due to the formidable economic shocks it had endured. Inflation eased throughout the year, thanks to declining energy prices and the moderation of inflationary pressure from food and industrial goods.

The EU economy is being supported by an exceptionally strong labour market, which has seen record low unemployment rates, the continued expansion of employment and rising wages. The implementation of reforms and investment under the Recovery and Resilience Facility remains central to keeping the EU economy on the right track.

Looking ahead, Russia's ongoing war of aggression against Ukraine and wider geopolitical tensions continue to pose risks to the EU economy's growth prospects.

The success of the Recovery and Resilience Facility

In 2023, the implementation of the Recovery and Resilience Facility, at the heart of the €800 billion NextGenerationEU recovery plan, continued to drive economic recovery. The instrument bolstered the economic and social resilience of the Member States and supported REPowerEU, the EU's initiative to help Member States accelerate their transition away from fossil fuels, in the light of Russia's unprovoked invasion of Ukraine (see Chapter 4 for more on the REPowerEU initiative).

The facility is unique due to its performance-based nature. To benefit from it, a Member State must submit a recovery and resilience plan to the Commission. These plans outline the reforms and

investments that Member States intend to complete by the end of 2026, for which they can receive financing up to a previously agreed allocation. The Commission disburses payments to Member States that are contingent upon the successful achievement of predetermined milestones and targets outlined in their plans. These measures are designed to tackle the Member States' key challenges and align with EU objectives.

The Recovery and Resilience Facility is driving reforms and investment in six policy areas: (i) the green transition; (ii) the digital transformation; (iii) smart, sustainable and inclusive growth; (iv) social and territorial cohesion; (v) health, economic, social and institutional resilience; and (vi) policies for the next generation.

The EU also offers Member States help with implementing their recovery and resilience plans via the Technical Support Instrument. To date, more than 400 projects have benefited from this support. Twenty-three Member States have received or are currently receiving general support with the horizontal aspects of recovery and resilience plan implementation, including support in revising their plans, while all 27 Member States are benefiting from thematic support linked to the implementation of the Recovery and Resilience Facility measures.

A majority of people in Europe (53 %) think that NextGenerationEU can be effective in responding to current economic challenges.

Source: Standard Eurobarometer 100, December 2023.

Thanks to the implementation of Member States' recovery and resilience plans, by the end of 2022 (latest available figures):



6.9 million individuals were engaged in education and training



1.4 million businesses received in-kind support

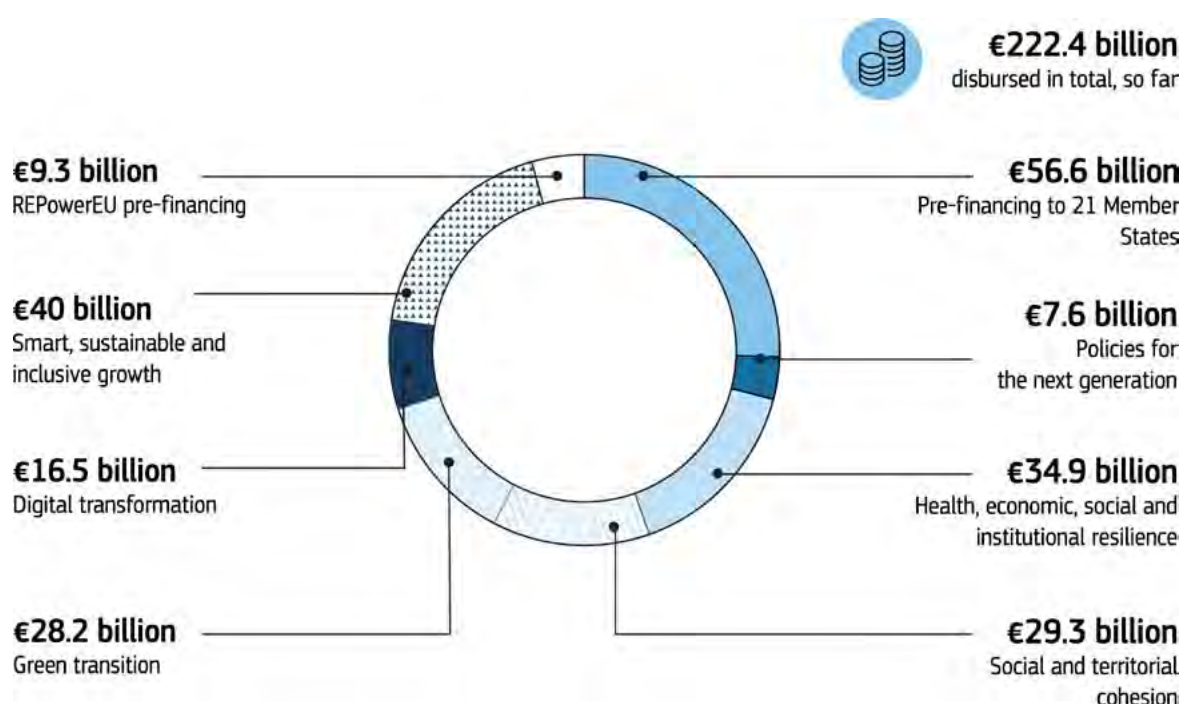


5.9 million people benefited from protection measures against climate-related disasters



22.1 million megawatt-hours of annual primary energy were saved

Funds flowing towards Recovery and Resilience Facility (RRF) objectives



Project examples



Green transition

In France, the RRF has financed energy-efficiency upgrades for 20 000 social dwellings and for student housing.



Social and territorial cohesion

The RRF is enabling Austria to help long-term-unemployed people gain access to training and qualifications.



Digital transformation

The RRF is boosting Italy's cloud capacity by investing in data centres for the digital economy.



Health, economic, social and institutional resilience

An RRF-backed reform in Cyprus will enhance anti-corruption efforts and establish an independent anti-corruption authority.



Smart, sustainable and inclusive growth

The RRF has helped Spain assist more than 60 large companies and SMEs with sustainable mobility research and innovation.



Policies for the next generation

RRF funds have helped Czechia give around 74 000 digital devices to pupils for remote learning.

The EU budget: making the EU fit for current and future challenges

In 2023, the EU's long-term budget (the multiannual financial framework) and NextGenerationEU were central to Europe's recovery, addressing challenges such as the nearby war, high inflation, natural disasters and humanitarian crises. To ensure that the EU budget can continue to deliver on the most essential priorities, the Commission proposed a revision of the multiannual financial framework in June.

In September, the EU's annual budget for 2024 was adopted. It addresses urgent crises in the Middle East and in Europe and its neighbourhood.

To support NextGenerationEU and aid Ukraine, the Commission raised around €116 billion in long-term funds in 2023, including up to €12.5 billion in green bonds, positioning the EU as a leading green bond issuer.



↑

Johannes Hahn, European Commissioner for Budget and Administration, presenting the multiannual financial framework review proposal, Brussels, Belgium, 20 June 2023.

Building long-term resilience

During the year, the Commission presented its legislative proposals to implement the most comprehensive reform of the EU's economic governance rules since the aftermath of the 2007–2008 economic and financial crisis. The proposals stemmed from thorough reflection and

extensive consultation. The new rules aim to facilitate and encourage Member States' implementation of important reforms and investments. They will simplify economic governance, improve national ownership, place greater emphasis on the medium term and strengthen the enforcement of the EU's fiscal rules, within a transparent common EU framework.



↑

Valdis Dombrovskis, Executive Vice-President of the European Commission in charge of an Economy that Works for People and European Commissioner for Trade (left), and Paolo Gentiloni, European Commissioner for Economy (right), at a press conference on the review of the EU's economic governance framework, Brussels, Belgium, 26 April 2023.

Croatia joins the euro area

On 1 January 2023, [Croatia joined the euro](#) and the Schengen area.

The euro enhances convenience and competitiveness for Croatians, simplifying travel and trade. Its notes and coins symbolise the EU's promise of freedom and opportunity for all Croatians.

A survey conducted in Croatia after the euro fully replaced the kuna shows that 61 % of Croatian citizens believe the changeover happened smoothly and efficiently, while 88 % felt they were well informed about the single currency.

In the EU, support for the euro continues to be very strong: 71 % of people in the EU support European economic and monetary union with one single currency, with the percentage standing at 79 % in the euro area.

Sources: [Flash Eurobarometer 518](#), February 2023; [Standard Eurobarometer 100](#), December 2023.



© Martin Münd/European Central Bank

A cohesive European Union

2023 marked the [30th anniversary of the creation of the Cohesion Fund](#). During its three decades of existence, the Cohesion Fund has invested nearly €179 billion in the economic, social and territorial cohesion of the EU. Cohesion-policy funding for the [2021–2027 period](#) is expected to increase the EU's gross domestic product by 0.5 % and support the creation of 1.3 million jobs. Major projects completed or launched in 2023 include the restoration of the Pompeii complex, a new metro system for Thessaloniki and improved wastewater infrastructure in Romania. By the end of the year, cohesion-policy programmes for the 2014–2020 period had achieved significant results on the ground, including support

for 4.5 million businesses, the creation of over 370 000 new jobs, improved broadband access for more than 7.9 million households and the installation of over 6 000 megawatts of additional capacity for renewable energy production.

These achievements underscore the vital role of regional and local public administrations, which are closest to the people and play a key role in delivering policy priorities and implementing EU legislation on the ground. In recognition of this, the [ComPAct](#) initiative, launched in 2023, aims to enhance public administrations in the Member States.



← Elisa Ferreira, European Commissioner for Cohesion and Reforms (first from right), visiting the Greenhouses to Reduce CO₂ on Roofs project, co-funded by the EU, Bettembourg, Luxembourg, 13 March 2023.

A strong and resilient Single Market

30 years of the Single Market

In 2023, the EU celebrated the 30th anniversary of its Single Market, the establishment of which, on 1 January 1993, was a significant milestone in European integration. The Single Market is more than just a legal framework or a market; it represents an area of freedom, progress, opportunity, growth, shared prosperity, cohesion and resilience. This significantly strengthens the EU's global economic and geopolitical position. Accounting for 15 % of global gross domestic product, it is the world's largest integrated single market area, while remaining one of the most outward-oriented.

For over 30 years, the Single Market has been central to the EU's competitiveness, improving the lives of citizens and making business easier. By increasing the EU's gross domestic product by 9 %, it has delivered substantial economic benefits, bolstered by cohesion-policy support that enables all regions to engage with and benefit from it. The Single Market also plays a key role in facilitating the green and digital transitions. As the source of the EU's regulatory, financial and supply-chain integration, it helps build economies of scale that are instrumental in helping businesses grow.

The Single Market in a nutshell

The Single Market accounts for **18 % of global gross domestic product ...**
 ... **offering goods and services** to more than **450 million people**.

Source: 'Annual Single Market Report', January 2023.

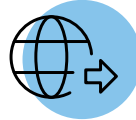
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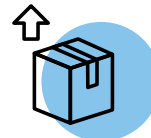
23 million
businesses ...



... employing
nearly 128 million
people



€965 billion of
intra-EU exports
in services



€3 428 billion
of intra-EU
exports in goods



€8 163 billion
of intra-EU
investments

Did you know? (*)



47.5 % of EU exports
of goods to non-EU
countries in 2020 were
in euro.



Over **60 %** of foreign-
controlled enterprises in
the EU are controlled by
a company in another
EU Member State.



Between 2010 and
2021, the number of
people employed in
Member States who had
citizenship of another
Member State increased
by **47.0 %**.



2.4 % of tertiary-
level students in
Member States are
from another Member
State.

(*) Data refer to the EU with 27 Member States and the latest year available.

Source: [Eurostat](#).

The Single Market has been crucial to the EU's economic resilience, proving vital in recent crises such as the pandemic, or Russia's actions in Ukraine and the subsequent energy crisis. Moreover, it serves as an important geopolitical tool, enhancing the EU's influence amid geopolitical shifts and the race for clean technology. Despite its achievements, the Single Market must evolve in the face of new and changing geopolitical realities, technological advances and the green and digital transitions, and to boost the EU's long-term competitiveness and productivity.

A stronger Single Market

The EU is continually improving the business environment across all sectors of its economy. In September 2023, the Commission presented a [proposal to combat late payments](#) by companies and public authorities, a practice that compromises the cash flow of small and medium-sized enterprises (SMEs) and hampers the competitiveness and resilience of supply chains. This proposal is part of a broader series of measures in the relief package the Commission has introduced to support SMEs facing economic challenges.

The EU is also supporting innovation by making it easier for businesses to protect their intellectual property across the EU. The launch of the [Unitary Patent](#) system in June was a significant step towards completing the Single Market and enhancing patent protection in Europe. This system provides a one-stop shop for the registration and enforcement of patents in Europe, leading to lower costs, less paperwork and a reduced administrative burden for innovators, and will benefit SMEs in particular.

In addition, the new [Unified Patent Court](#), with jurisdiction over both Unitary Patents and existing European patents, will allow companies to enforce their patent rights more effectively. Additionally, the [SME Fund](#), a joint initiative of the Commission and the [European Union Intellectual Property Office](#), provides financial support (intellectual-property vouchers) to SMEs to manage their intellectual-property portfolios, including trademarks, designs, patents and plant varieties.

How will the Unitary Patent system work?

Inventors apply for a European patent.



The European Patent Office ensures that the invention meets the criteria of novelty, inventive step and industrial applicability.



After being granted the European patent, the holder requests that it be given unitary effect.



The Unitary Patent becomes effective in one step, without extra formalities such as translations, in the participating Member States:

Belgium, Bulgaria, Denmark, Germany, Estonia, France, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Finland, Sweden.



In parallel, the European patent holder can also validate it in non-participating countries, including non-EU countries, subject to their national requirements.

The Commission proposed a patent package in April 2023, which complements the Unitary Patent scheme. Once adopted, businesses will benefit from a new, more balanced framework for standard essential patents and simpler access to supplementary protection certificates for pharmaceutical and plant protection products, along with clearer rules on compulsory licensing during crises. In addition, the Regulation on Geographical Indications for Craft and Industrial Products, which came into effect during the year, allows EU producers to better protect craft and industrial products and know-how associated with their region.

With the proposed reform of the EU design protection legislation, innovation and design protection in the EU will also be strengthened, streamlined and modernised.

Finally, the EU is supporting cross-border business by eliminating barriers that impede economic growth and business.

New measures to address barriers could add €713 billion to the economy by the end of 2029.

One example is the proposed new rules to eliminate barriers to the free circulation of non-road mobile machinery, such as cranes, harvesters and forklifts, on public roads.

The regulation on non-road mobile machinery will ultimately replace the various regulatory regimes that currently exist in the Member States, and will:



eliminate barriers to market entry and reduce market delays



reduce compliance costs, facilitate innovation and improve competitiveness



facilitate the use of machinery across intra-EU borders



ensure high and equal standards for the road safety of non-road mobile machinery across the EU

In addition, to make it easier for non-profit organisations to operate across borders, in September the Commission proposed a new legal form called the European cross-border association. This will improve the functioning of the Single Market by removing legal and administrative barriers for non-profit associations that operate or want to operate in more than one Member State.

Finally, in December, the Commission put forward an amended proposal for a regulation to facilitate cross-border solutions. This aims to assist Member States in resolving obstacles that affect the daily lives of the 150 million citizens living in the EU's cross-border regions. Tackling these obstacles will significantly improve the functioning of the Single Market and strengthen the economic, social and territorial cohesion of the EU.

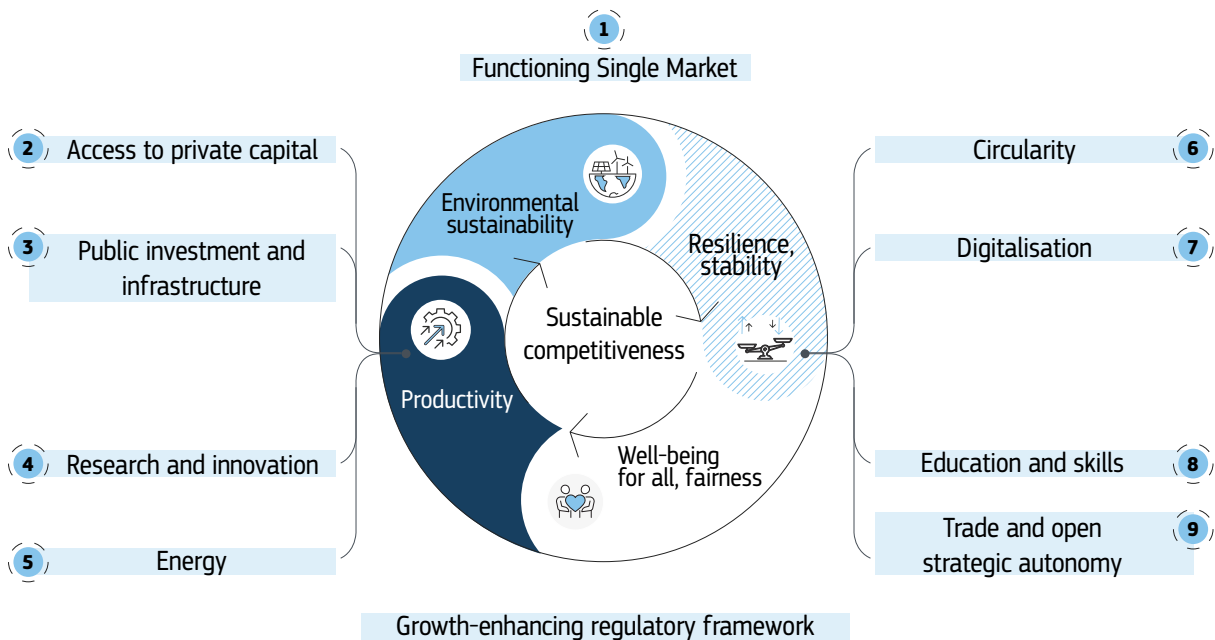
Boosting long-term competitiveness

In the context of strong global competition and new geopolitical challenges, the Commission has proposed focusing on nine key drivers to boost the EU's long-term competitiveness. These are a properly functioning Single Market, access to private capital, public investment and infrastructure, research and innovation, energy, circularity, digitalisation, education and skills, and trade and open strategic autonomy.

The EU also ensures long-term competitiveness and a thriving Single Market by uniformly applying rules aimed at maintaining fair competition across all

Member States and businesses. The Commission's antitrust, merger and State-aid-control decisions ensure a balanced and efficient internal market, which is crucial for the EU's economy. State-aid control ensures that government subsidies align with shared goals and maintain consistent business conditions throughout the EU. Vibrant private-sector competition leads to better quality and fairer prices for consumers. Every competition-policy decision by the Commission upholds consumer and business interests, while also protecting people in the EU from unscrupulous economic players.

The nine drivers of competitiveness



The [Digital Markets Act](#) is a good example of how competition policy benefits the public. The act, which complements EU competition rules without replacing them, is one of the first pieces of legislation in the world to curb the gatekeeping power of major digital companies, resulting in economic and social benefits for citizens. (For more information, see Chapter 5.)



↑ VIDEO The Foreign Subsidies Regulation.

The EU not only ensures that internal competition is fair, but also checks that businesses in the EU have a fair chance to succeed when faced with international competition. In July, the EU introduced the [Foreign Subsidies Regulation](#). This allows the Commission to examine financial contributions given by non-EU governments to companies operating in the EU. If the contributions provide an unfair advantage to these companies, the Commission can take measures to correct the distortive effects.

The effectiveness of EU competition rules hinges on their implementation. Here are some ways in which the EU ensures fair competition by enforcing rules.



335 merger decisions were taken in 2023.



€487 billion of State aid was authorised during the year, especially in the context of Russia's war of aggression against Ukraine and its implications for prices in the EU.



In June 2023, the Commission sent a [Statement of Objections](#) to Google with its preliminary view that the company favours its own online display advertising technology services to the detriment of rivals.



↑
Thierry Breton, European Commissioner for Internal Market, during a press conference on the Critical Raw Materials Act, the EU's long-term-competitiveness strategy and 30 years of the Single Market, Brussels, Belgium, 16 March 2023.

Critical raw materials are indispensable to a wide range of strategic sectors, including net-zero technologies, the digital industry and the aerospace and defence sectors. The [Critical Raw Materials Act](#) will improve the EU's capacity to monitor and mitigate the risk of disruptions and enhance circularity and sustainability. Along with the reform of the electricity market design and the Net-Zero Industry Act, both of which were announced as part of the Green Deal Industrial Plan (see Chapters 3 and 4), this act will foster a regulatory environment conducive to the growth of net-zero technologies and the competitiveness of European industry.

The Net-Zero Industry Act is also set to enhance the competitiveness of the EU economy by offering a better regulatory framework for industries. This will support their move towards green and digital innovations. As part of the Green Deal Industrial Plan, it will create a more predictable and simplified regulatory framework aimed at encouraging investment in the manufacturing of products essential to achieving the EU's climate neutrality goals.

The act will also strengthen and make more resilient the EU's industrial base in net-zero technologies, which are crucial to a cost-effective, reliable and sustainable clean-energy system. Furthermore, it will speed up the creation and production of net-zero technologies, helping to lessen the EU's dependence on Russian fossil fuels and avoid new dependencies that could block key technologies and components needed for the green transition (see Chapter 4).

Improving economic security is another key factor in enhancing the competitiveness of the EU. In June, the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell, launched the European Economic Security Strategy – a comprehensive approach aiming to make the EU economy stronger. This strategy will promote the development of the EU's industrial base, protect its essential economic security interests and partner with the broadest possible range of non-EU countries to advance shared action to promote economic security at the international level. The strategy is essential for the EU to be able to assess and manage economic risks, while also preserving its openness and continuing to engage internationally.

Stronger EU–China relations to boost competitiveness

The EU's relations with China are central to efforts to strengthen the EU's competitiveness.

Faced with an increasingly assertive China that hardened its overall strategic posture, in 2023 the EU rolled out the approach of de-risking and rebalancing its relationship with China, while continuing to work towards a stronger rules-based international order.

Rebalancing involves the continuation of bilateral economic relations and cooperation on global challenges with China, while also addressing market distortions resulting from China's disproportionate state subsidies.

De-risking includes reducing critical dependencies and tackling specific risks relating to China's strategy to advance its military development by exploiting innovations stemming from joint research, academia and international private firms.



Ursula von der Leyen, President of the European Commission, delivering a speech on EU–China relations, Brussels, Belgium, 30 March 2023. In her speech, the President outlined the strategic approach she would adopt during her visit to China on 6 April 2023; at the G7 Summit in Hiroshima, Japan, on 19–21 May 2023; and during the EU–China Summit on 7 December 2023 (see Chapter 8).

Financial systems

The capital markets union

Capital markets are financial markets where securities, such as stocks and bonds, are bought and sold. They allow businesses, governments and other entities to raise capital from a wide range of investors. The capital markets union is the EU's initiative to create a single market for capital, allowing cross-border capital flows and giving EU companies, including SMEs, access to more sources of funding.

To boost investment, investors need to feel protected and confident that their investments will yield worthwhile returns. This is why one of the main goals of the EU's 2020 Capital Markets Union Action Plan is to make the EU a safer place for people to invest their savings in the long term.

On 24 May 2023, the Commission adopted a retail investment package that will empower and protect retail investors. Retail investors are individual, non-professional investors who invest in capital markets to manage their finances, including preparing for retirement needs. The EU wants to ensure that retail investors are duly protected and treated fairly when investing, so that they can take full advantage of the capital markets union to make their wealth grow. Boosting investor confidence and improving the capital markets union are also essential means of channelling private funding into the EU economy and funding the green and digital transitions.

What is the problem?



Retail investors are struggling to access relevant, comparable and easily understandable information to make informed investment choices.



Social media and new marketing channels are increasingly putting retail investors at risk of undue influence.



Financial advice may not always be in the best interests of retail investors.



Some investment products do not offer value for money to the retail investor.

Consequences



Only **17 %** of EU household assets were held in financial securities (such as stocks or bonds) in 2021, well below the level for US households. (Source: Eurostat.)



40 %-higher fees are paid by retail investors compared with institutional investors (e.g. pension funds). (Source: European Securities and Markets Authority costs and performance report, January 2023.)



45 % of people in the EU are not confident that the investment advice they receive from financial intermediaries is in their best interests. (Source: Flash Eurobarometer 525, July 2023.)

In May, the Parliament and the Council also agreed on a proposal to establish a single access point for all public financial and sustainability-related information about EU companies and EU investment products. This will increase companies' visibility among investors, opening up additional financing sources. This is particularly important for small companies in small capital markets. The [European Single Access Point](#) will also provide easy access to corporate sustainability reports published by companies, which will support the objectives of the European Green Deal.

In addition, the Parliament and the Council agreed on a [legislative proposal to revise the regulation governing rules about the structure of the markets in financial instruments](#) on 29 June. The revision will ensure that the right conditions for a consolidated tape provider are in place to deliver a consolidated view of trading across the EU. The consolidated tape will gather the prices and volumes of financial instruments, such as shares and bonds, from hundreds of execution venues across the Member States into a single stream of information, making it equally accessible to everybody. All execution platforms, such as stock exchanges and trading platforms, will be required to contribute their trading data directly to the consolidated tape.

On 19 July, the Parliament and the Council agreed on a [proposal to improve the regulatory framework applicable to the investment fund industry](#). The revision harmonises the rules governing the selection

and use of liquidity management tools relating to funds, bringing them into line with international recommendations on supporting financial stability. It also establishes a common framework for funds that give loans to companies (loan-originating funds) and enhances transparency on delegation rules, ensuring supervisors understand how much fund managers depend on third-party expertise.

Together, the three aforementioned proposals will ensure that investors have better access to company and trading data. The measures will also encourage long-term investment and make it easier and safer for investment funds to be sold across borders. Overall, the proposals will better connect EU companies with investors, improving companies' access to funding, broadening investment opportunities for retail investors and further integrating EU capital markets.

In November, the EU updated the [Central Securities Depositories Regulation](#). This regulation was originally introduced to improve the safety and efficiency of settlement activities in financial markets, namely the completion of a securities transaction through the transfer of cash, securities or both. The [revised legislation](#) will improve the EU's capital markets and financial system by providing more proportionate and effective rules to reduce compliance costs and regulatory burdens for central securities depositories, facilitating their ability to offer a broader range of cross-border services and improving their cross-border supervision.

What is a consolidated tape?



It is a system that consolidates transaction information from EU trading platforms in real time, or as close as possible to real time.



It allows both professional and retail investors to see the price of and other information about a financial instrument (such as the volume and time of transactions) in one place.



Without a consolidated tape, information on trading is scattered across multiple execution platforms, such as stock exchanges, other trading venues and investment banks (also called 'systematic internalisers').

Central securities depositories are specialised financial institutions that hold and administer securities (such as stocks and bonds), ensuring their safekeeping and enabling securities transactions to be processed efficiently. They underpin the functioning of modern financial markets.

In December, a political agreement was reached on the Commission's proposals to strengthen the insurance regulatory framework. This update will modernise the Solvency II Directive by giving better incentives to the insurance and reinsurance (i.e. insurance for insurance companies) sector to invest more in long-term capital in line with the objectives of the capital markets union. It will also ensure this sector remains strong in difficult economic times and protects consumers' interests. The new rules will take better account of certain risks, including those relating to climate change, and will make insurers' financial strength less sensitive to short-term market fluctuations. They will also introduce a new (re)insurance undertakings recovery and resolution directive, to ensure financial stability and protect policyholders and taxpayers in the event of a (re)insurer's failure. This directive will require larger and systemically important entities to formulate pre-emptive recovery plans to ensure they are prepared for crises. In addition, national authorities will have the tools to tackle problems with failing (re)insurers, including by taking them off the market in an orderly way while preserving the continuity of insurance coverage as much as possible.

Finally, 2023 saw the Commission helping Member States strengthen their national capital markets. So far, 21 Member States have benefited from the Technical Support Instrument in this field. Reforms contributed to removing regulatory barriers to investment and tackling market inefficiencies. The objectives of these reform projects are to increase investment opportunities, bring higher market visibility for businesses and help SMEs access bank credit.

Digital finance

On 28 June, the Commission put forward two proposals to ensure that people can pay with the European Central Bank-issued euro in the form they find most convenient.

The first proposal is about protecting the use of cash. The proposal was put in place to ensure that cash remains widely accepted as a means of payment and is easily accessible for people and businesses across the euro area.

The second proposal is to establish a legal framework for a potential digital euro, which the Central Bank may issue in the future as a complement to cash. In October, having investigated the possibility of introducing the digital euro for the previous 2 years, the Bank decided to move to the preparatory phase.

While cash will remain widely accessible and accepted, more and more citizens and businesses are choosing to pay electronically. The aim of the digital euro is to provide an additional option, on top of current private payment options. It would offer a way to pay digitally with a form of public money that is widely accepted, cheap, secure and resilient in the euro area (and potentially beyond).

The Central Bank may decide to issue the digital euro only after the digital euro proposal is adopted by the European Parliament and the Council.



↑
Mairead McGuinness, European Commissioner for Financial Services, Financial Stability and Capital Markets Union, at a press conference on the digital euro and the legal tender of euro banknotes and coins, Brussels, Belgium, 28 June 2023.

Benefits of the digital euro for people

- ✓ Using the digital euro anywhere in the euro area (other private digital payment solutions do not always offer this option).
- ✓ Easier to use than existing digital payment solutions.
- ✓ Paying without access to the internet.
- ✓ Possibility to pay even without a bank account.
- ✓ When using the digital euro offline, people's privacy would be the same as when using cash.
- ✓ More choice for consumers.
- ✓ Free of charge for consumers.

Would the digital euro replace cash?

Absolutely not.

The digital euro would simply be a complement to cash and an alternative to today's existing private digital solutions.

What about privacy?

When paying online, the bank would only have access to the personal data needed to perform the payments and to prevent fraud and fight money laundering.

This is the same as when paying with other digital means of payment, for example a credit card.



When paying offline, privacy is stronger than for any other digital means of payment – the bank would only see the same data as when withdrawing money from a cash machine.

Nobody would be able to see what people are paying for when using the digital euro offline.

The European Central Bank would not have access to people's data.

Open finance and payments

With the rise of electronic payments, new service providers – such as entities providing open banking services – have emerged. More sophisticated types of fraud have also started to appear, putting consumers at risk. In response to these developments, and to ensure that the EU's financial sector is capable of reaping the benefits of the ongoing digital transformation, the Commission proposed two sets of measures on 28 June.

First, the Commission proposed to amend and modernise the current Payment Services Directive (PSD2, which will become PSD3), and also proposed a payment services regulation. These changes will ensure consumers can continue to make electronic payments and transactions safely and securely in the EU. They aim to safeguard consumers' rights while also providing a greater choice of payment service providers on the market.

The proposal for a revised payment services directive and new payment services regulation will:



make widely available a service to verify name–account matches before confirming transfers



give victims of fraud a right of refund by their bank or other payment service provider, in specific circumstances



help banks and other payment service providers cooperate against fraud through more fraud-related information sharing



oblige banks to improve customers' awareness about fraud

Second, the Commission proposed a [Framework for Financial Data Access](#). This framework will establish clear rights and obligations relating to managing customer data sharing in the financial sector beyond payment accounts. In practice, this will lead to more innovative financial products and services for users and will stimulate competition in the financial sector.

The proposed package aims to ensure that the EU's financial sector adapts to the ongoing digital transformation and to the risks and opportunities it presents.

On 7 November, a political agreement was reached between the Parliament and the Council on the [Commission's proposal](#) to make instant payments in euro available to all people and businesses

with a bank account in the EU. The new rules, which modernise the [Single Euro Payments Area Regulation](#), aim to ensure that instant payments in euro are affordable, secure and processed without obstacles across the EU. Instant payments offer fast and convenient solutions for people in everyday situations, such as receiving funds promptly (in under 10 seconds) in case of emergencies or splitting shared costs immediately in various social settings. They also improve cash-flow management for public administrations and businesses, especially SMEs; enable charities and non-governmental organisations to access funds quickly; and encourage banks to develop innovative financial services and products.

Financial data access has the following benefits

For customers:

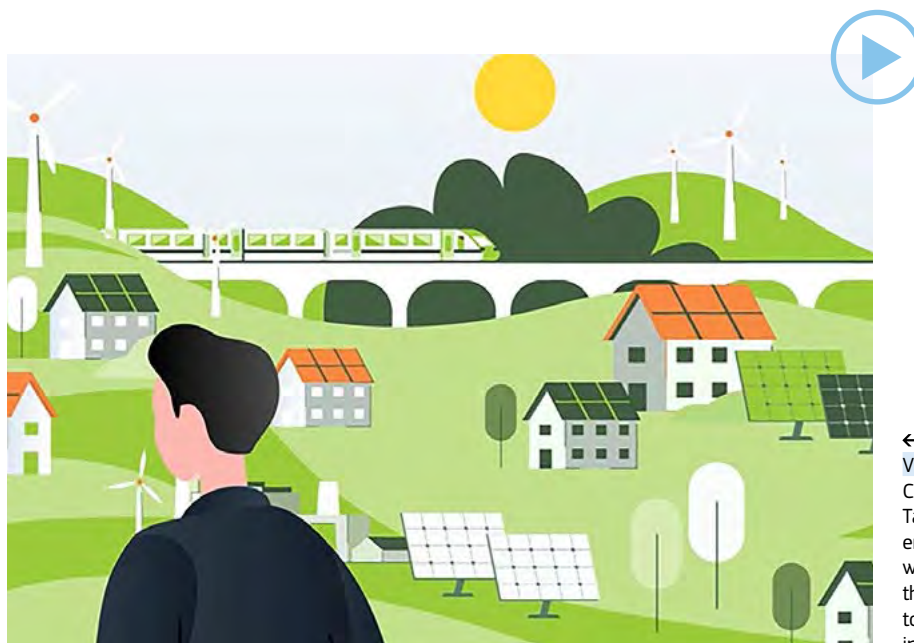


- more transparency and control over their data-sharing relationships;
- increased trust and confidence in data sharing;
- more innovative and cheaper financial services from which to choose.

For data users:



- increased access to key customer datasets would boost innovation;
- enabling new services and revenue streams for data users.



←
VIDEO
 Companies can use the EU Taxonomy rules to improve their environmental performance, while investors can make use of the EU Green Bond Standards to determine how green their investments really are.

Sustainable finance

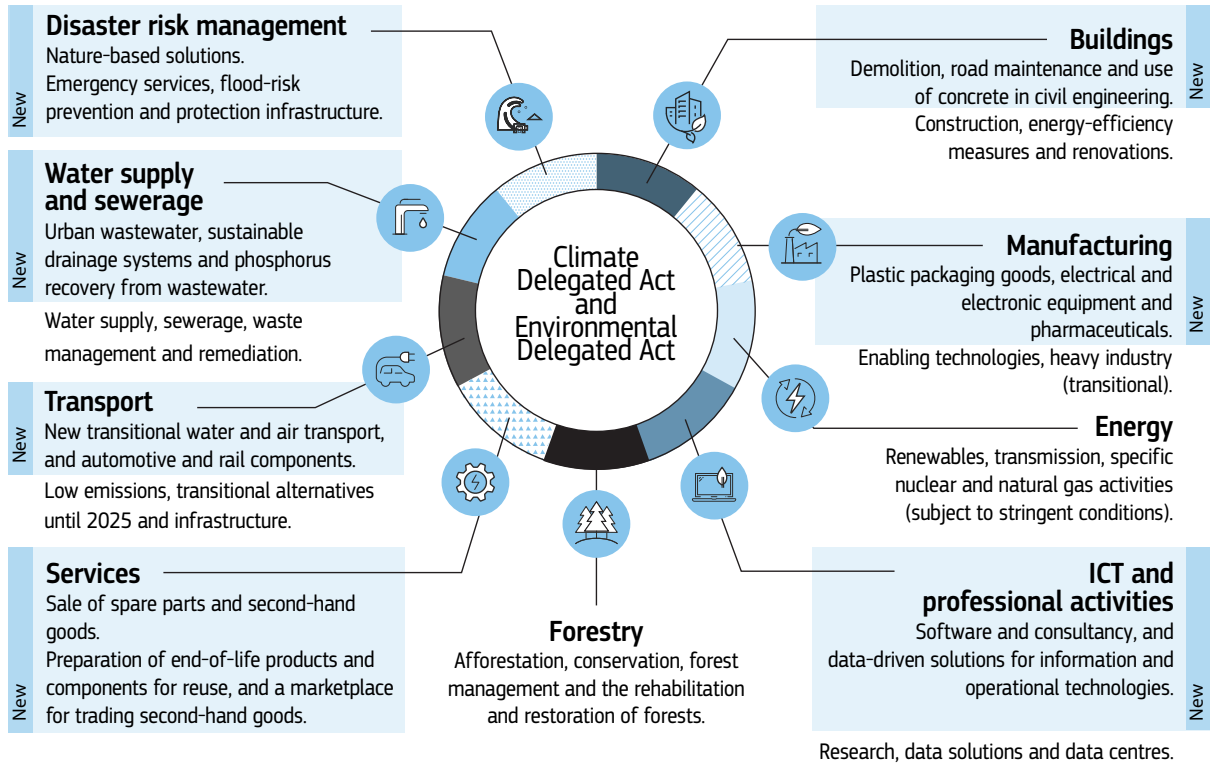
The main goal of the EU Sustainable Finance Framework is to channel investment towards meeting the ambitious targets of the European Green Deal. Although implementation is advancing, further efforts are required to make the rules effective in practice and the tools user-friendly.

To enhance the framework's efficiency and ease its implementation, the EU provides clear definitions of which economic activities qualify as environmentally sustainable, and how to demonstrate their degree of greenness. This is key in preventing greenwashing and ensuring that funds are allocated to sectors crucial for the green transition.

On 13 June, the Commission presented a package to strengthen the EU Sustainable Finance Framework. This initiative supports companies and the financial sector by promoting private investment in transition projects and technologies and by channelling financial resources into sustainable investment. The package includes new criteria under the EU Taxonomy, expanding its classification system to encompass a broader range of economic activities through the EU Taxonomy Environmental and Climate Delegated Acts.

The diagram below illustrates the key new economic activities that are now recognised as being environmentally sustainable.

EU Taxonomy – economic sectors and activities covered

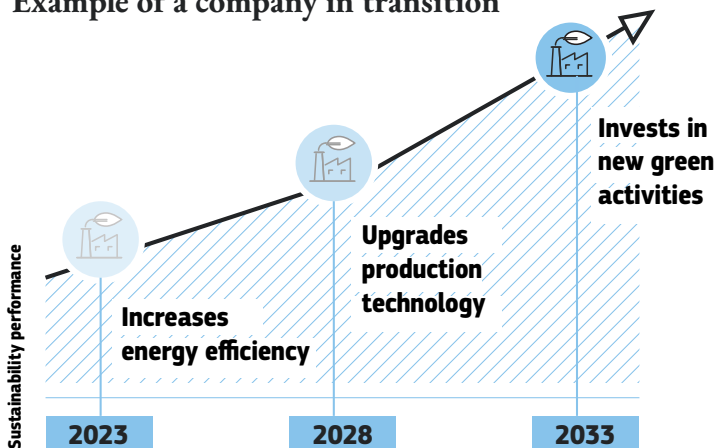


The package also includes a recommendation on transition finance, providing guidance and practical examples for companies and the financial sector. These show how companies can use various of the

framework’s tools on a voluntary basis to channel investment towards the green transition and manage their risks stemming from climate change and environmental degradation.

Tools for financing the green transition

Example of a company in transition



Voluntary tools that companies can use to finance their transition towards sustainability over time include:

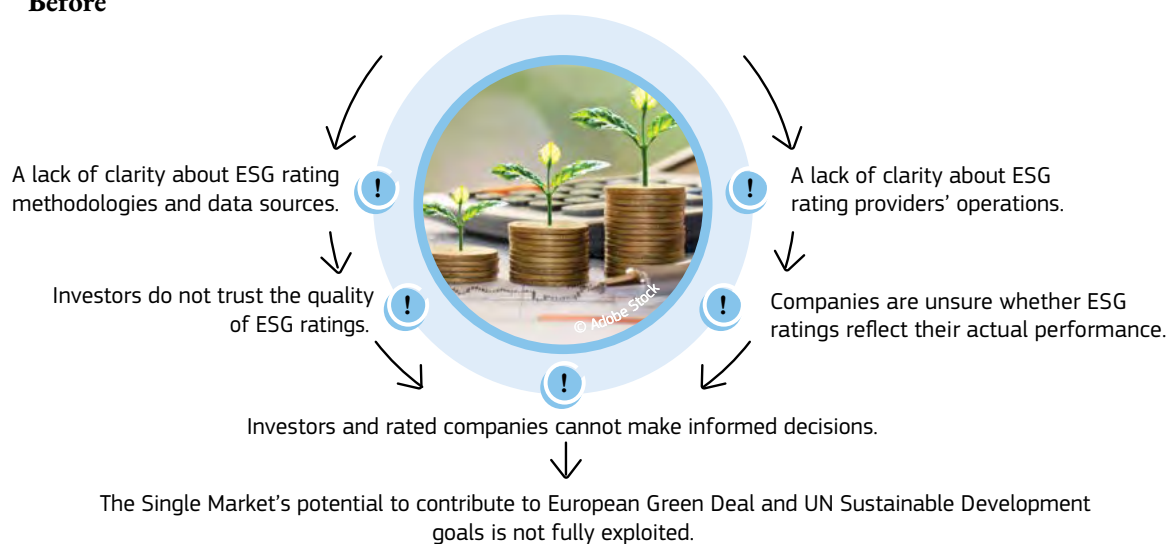
- ✔ EU taxonomy,
- ✔ EU climate benchmarks,
- ✔ European Green Bond standard,
- ✔ science-based targets,
- ✔ transition plans.

Environmental, social and governance (ESG) ratings also play an important role in the EU's sustainable finance market, as they provide information to investors and financial institutions regarding, for example, investment strategies relating to and risk management of ESG factors. In June 2023, the

Commission proposed a regulation that will address the ESG rating market's lack of transparency, making it more reliable. New organisational principles and clear rules on the prevention of conflicts of interest will increase the integrity of ESG rating providers' operations.

What is changing with the environmental, social and governance (ESG) ratings proposal?

Before



After



To ensure that companies report sustainability information in a harmonised way, the Commission also adopted the first set of mandatory European Sustainability Reporting Standards in July 2023. The standards cover ESG issues, including climate change, biodiversity and human rights. They provide information for investors to help them understand the sustainability impact of the companies in which they invest. They also take account of discussions with the International Sustainability Standards Board and the Global Reporting Initiative to ensure a high degree of interoperability between EU and global standards and to prevent unnecessary double reporting by companies.

The European Green Deal of 11 December 2019 underlined the importance of channelling financial and capital resources towards green investment. Green bonds play an increasingly important role in financing assets needed for the low-carbon

transition. On 28 February 2023, the Parliament and the Council reached an agreement on the proposal for a European Green Bonds Regulation to establish an official green bond standard. The regulation came into force in December. A green bond standard is a set of criteria that provides a framework for issuing green bonds. The European Green Bond Standard ensures that green bonds finance projects with genuine environmental benefits and helps maintain integrity and trust in the green bond market. Issuers of European green bonds would need to ensure that at least 85 % of the funds raised by the bond are allocated to economic activities that align with the Taxonomy Regulation. The new legislation also establishes a framework for the authorisation and supervision of third-party reviewers, which will help verify the features of the bonds, thereby improving trust in green claims.



PODCAST

EU Finance Podcast, 'Episode 9 – The one about the European Green Bond Standard'.

Banking

Following the 2007–2008 global financial crisis, substantial work was done to make sure that EU banks became more resilient. Thanks to these efforts, the EU's financial institutions have fared well throughout more recent crises, such as the COVID-19 pandemic, Russia's war of aggression against Ukraine and the US banking crisis in spring 2023. Today, EU banks are well capitalised, highly liquid and well supervised. As shown by the 2023 stress tests carried out by the European Banking Authority, they are resilient even in very adverse scenarios.

To further strengthen banks, the Commission adopted a proposal on 18 April to reform the EU's existing bank crisis management and deposit insurance framework. The focus is on medium-sized

and smaller banks. In the past, many failing small and medium-sized banks were helped using methods outside the established resolution framework. Sometimes this meant using public funds (taxpayers' money) instead of the bank's own money or other backup funds financed by the industry and designed to protect depositors (deposit guarantee schemes and resolution funds). The reformed framework will facilitate the use of industry-funded safety nets to shield depositors in banking crises, such as by transferring them from an ailing bank to a healthy one. The use of such safety nets must only be a complement to the banks' own reserves, which remain the first line of defence.

Bank crisis management and deposit insurance framework reform

Objectives

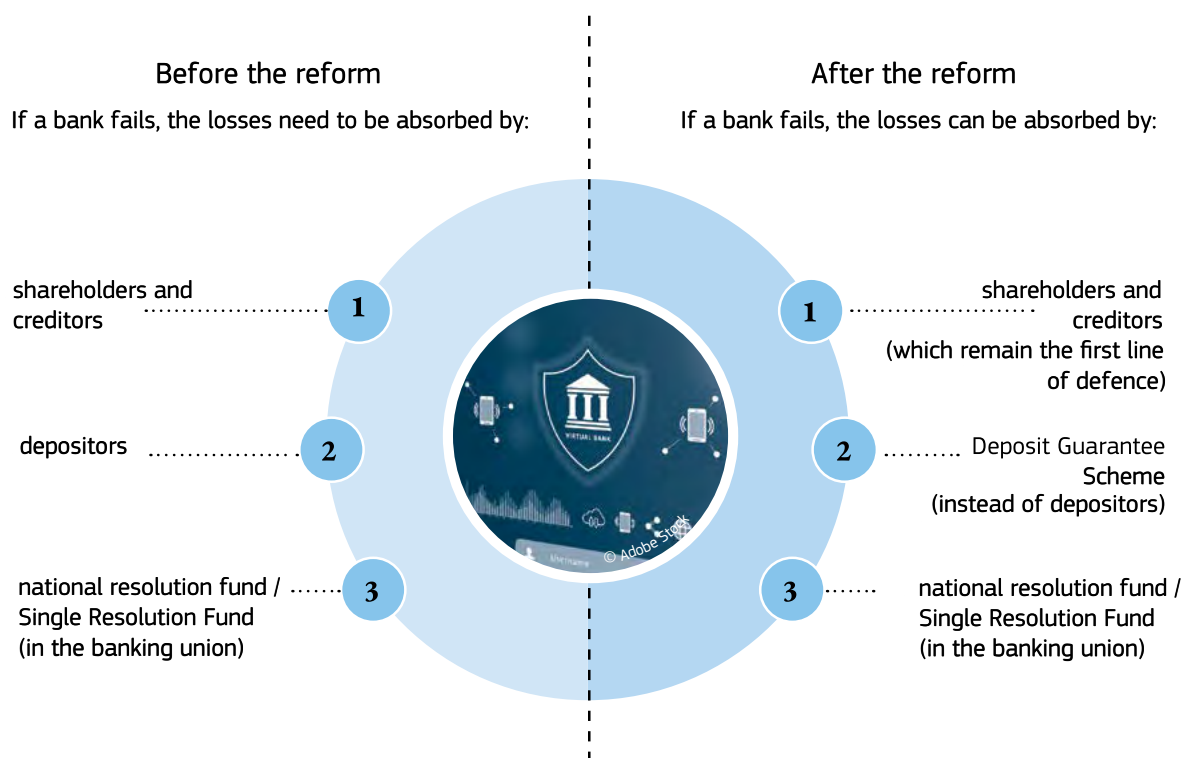


What are we doing?

Improving bank-failure systems and depositor protection, especially for small and medium-sized banks

Small and medium-sized banks

Business model with high share of deposits in the balance sheet



Another important breakthrough during the year was the political agreement on the Commission's proposal for a review of the EU's banking rules (the Capital Requirements Regulation and the Capital Requirements Directive), known as the banking package. This package implements the final set of international banking regulation standards (the Basel III standards) agreed by the EU and its G20 partners in the Basel Committee

on Banking Supervision. The initial phase of the Basel III reforms – mandating higher and better-quality capital, reduced leverage and strict liquidity requirements – is already in effect in all EU banks. With the completion of these standards, the EU seeks to enhance the regulatory framework's simplicity, comparability and risk sensitivity, ultimately restoring confidence in risk-based capital requirements.

What is in the banking package?



Basel III: new rules on internal models

A new limit will be introduced to ensure risks are not underestimated when banks use their own calculation models.



Better supervision

Supervisors will have stronger tools to oversee EU banks, including complex banking groups. Minimum standards will be introduced to supervise non-EU banks in the EU.



Sustainability

Banks will be required to take environmental, social and governance risks into account when managing their business.

Fair, simple and modern taxation and customs

Reform of the customs union

In May, the Commission proposed the most ambitious reform of the customs union since its establishment in 1968, in response to increased trade volumes, e-commerce growth and higher EU standards. The current system's digital fragmentation and suboptimal coordination between national authorities have raised administrative compliance costs for traders and opened avenues for fraud.

The reform includes the establishment of an EU customs authority, which will oversee a new customs data hub. This will lead to a more centralised and digitalised approach to customs that should lower compliance costs for traders, free up resources for national authorities and ensure a more efficient, strengthened and fraud-proof customs union.



↑
The DP World container terminal in Constanța, Romania, 10 May 2023.

Tackling tax evasion and tax fraud

New reporting and information-exchange requirements, in line with the Organisation for Economic Co-operation and Development's Crypto Asset Reporting Framework, will assist the Member States in addressing tax evasion and fraud in the crypto-asset and e-money sectors. The [agreement](#) reached in 2023 requires all EU-based crypto-asset providers to report transactions by clients residing in the EU, enhancing the detection of tax fraud and avoidance.

As part of the 2020 Capital Markets Union Action Plan and the [Action Plan for Fair and Simple Taxation Supporting the EU's Recovery](#), the Commission proposed streamlining withholding-tax procedures for investors, financial intermediaries and tax administrations. This move aims to prevent both double taxation and abuses of the refund or relief system. It also seeks to harmonise the procedures for seeking relief from withholding taxes, thereby reducing costs for stakeholders.

The Commission also proposed a [directive on transfer pricing](#), aimed at reducing the compliance burden, increasing tax certainty and reducing disputes about transfer pricing. This is intended to prevent both double taxation and instances of double non-taxation.

Towards fairer, simpler and more modern taxation

Dealing with 27 different national tax systems, each with its specific rules, makes it costly for companies when it comes to tax compliance. This discourages cross-border investment in the EU, putting businesses at a competitive disadvantage compared to elsewhere in the world.

To address this issue, in September the Commission adopted the [business in Europe: framework for income taxation](#) proposal. This framework would introduce a unified set of rules for determining the tax base for groups of companies. This will reduce compliance costs by up to 65 % for large businesses operating in multiple Member States. Additionally, it will simplify the process for national tax authorities, making it easier to determine the correct taxes due.

While the proposal is mainly aimed at large groups operating across the European Union, the EU has also taken measures to simplify tax rules for micro companies and SMEs. The proposed [directive on head office taxation](#) introduces a simplification framework for SMEs operating in other Member States through permanent establishments. It gives them the option to interact with just one tax administration (or head office) rather than the tax offices of all of the Member States in which they operate. This aims to encourage cross-border expansion.



3. Creating a climate-neutral and prosperous Europe

Introduction

The European Green Deal is the European Union's roadmap for tackling the threefold threat of the climate, environmental and biodiversity crises. With it, the EU raised the level of its climate ambitions by committing to reach climate neutrality by 2050. It is transforming the EU into a fair and prosperous society with a modern, resource-efficient and competitive economy. In 2023, the EU reached an important milestone on its path towards achieving climate neutrality. The key legislation to meet – and even exceed – its midterm target of cutting net

greenhouse-gas emissions by at least 55 % by 2030 was adopted in mid October. Extreme weather once again exposed the harsh reality of climate change across the EU and the world, highlighting the need for continued efforts to cut emissions as quickly as possible. At COP28, the EU played a leading role in securing both a global agreement to accelerate the transition away from fossil fuels and a commitment to triple global renewable-energy capacity and double the rate of energy-efficiency improvements by 2030.

The reality of a boiling planet

The disruption and destruction brought by extreme weather events in Europe and the world in 2023 was a stark reminder of the grave and ever-present threat climate change poses to societies, and of the need for urgent action to protect the planet.

Dry conditions contributed to longer and more dangerous wildfire seasons, with large outbreaks as early as March in Spain, and record-breaking fires devastating parts of Greece, Spain and Portugal in July and August. The wildfire in Greece's north-eastern region of Evros was the biggest the EU has ever seen. According to the [European Forest Fire Information System](#), by 22 July more than 181 000 hectares of land across the EU had already been [reduced to ashes](#) – more than 40 % above the average recorded between 2003 and 2022 (128 225 hectares).

In response to the increasing wildfire risk, in 2023 the EU strengthened its anticipatory and foresight capabilities, reinforced its [rescEU firefighting fleet](#) and positioned hundreds of firefighters so they were able to provide immediate support. It also created a Wildfires Support Team as part of its [Emergency Response Coordination Centre](#).

Wildfires are a global concern. To help tackle the worst wildfires in Canada in a decade (which burned around 4 million hectares, an area as big as the Netherlands), the EU Member States offered the services of around 300 firefighters to the country via the [EU Civil Protection Mechanism](#) (see Chapter 8).



With 7 record-breaking months and two record-breaking seasons, 2023 was the world's warmest year in recorded history. According to the EU's [Copernicus Climate Change Service](#), close to 50 % of the days in 2023 were more than 1.5 °C above the pre-industrial average (1850–1900).

↑
Wildfires rage in the municipalities of Candelaria and Arafo, Tenerife, Spain, 16 August 2023.

© AFP

Extreme rainfall caused deadly floods in parts of the EU, including Croatia, Italy, Austria and Slovenia.

→ An aerial view of the areas affected by flooding and landslides in Emilia-Romagna, Italy, 25 May 2023.



As a result of the unprecedented floods and forest fires, calls in 2023 for disaster recovery and reconstruction support from the European Union Solidarity Fund mobilised all available resources to provide assistance.

Beyond Europe, climate change is also a serious threat to the world's poorest countries, aggravating pre-existing crises and requiring greater efforts to meet the rise in humanitarian needs (see Chapter 8). According to the UN Food and Agriculture Organization, the proportion of low- and middle-income countries exposed to climate extremes has increased from 76 % to 98 % over the last two decades.

On 15 July, the EU inaugurated the annual Day for the Victims of the Global Climate Crisis, to commemorate victims in Europe and worldwide. The event aims to raise awareness of the specific steps that people can take to help reduce the damage caused by climate change and to be better prepared for climate disasters.

Towards net zero

The [UN Intergovernmental Panel on Climate Change report](#), released in March, once again saw the scientific community issue a stark warning about the need for action to tackle the climate crisis. The report reaffirms that the world is warming up rapidly due to human influence, with weather extremes and catastrophes putting lives and livelihoods at risk around the world. The science is clear: the only way to halt global warming and lessen the effects of climate change is by bringing greenhouse-gas emissions to net zero. This means achieving a balance between the amount of greenhouse-gas emissions released into the atmosphere and the amount removed from it.

Making Europe the first climate-neutral continent is the cornerstone of the [European Green Deal](#). This objective is enshrined in the [European Climate Law](#), alongside the legally binding commitment to reduce net greenhouse-gas emissions by at least 55 % by 2030, compared to 1990 levels.

Thanks to existing climate and energy legislation, the EU's greenhouse-gas emissions have already fallen by 32.5 % compared to 1990, while the EU economy has grown by 60 % in the same period.

To achieve this, in 2021 the European Commission presented the 'fit for 55' package of legislative proposals. In 2022, under the [REPowerEU Plan](#), it raised the level of ambition of some of the proposals (notably those on [energy efficiency](#) and [renewable energy](#)) with a view to further reducing the EU's dependence on imports of Russian fossil fuels (see Chapter 4). By the end of 2023, the key legislation to achieve the 2030 target of a 55 % net reduction was in place (see below). This includes legally binding targets covering all sectors of the economy, a target to boost natural carbon sinks and an updated [EU Emissions Trading System](#).

More than 9 in 10 EU citizens consider climate change a serious problem.



Climate change is considered:

- a **very** serious problem by **77 %**
- a **fairly** serious problem by **16 %**
- not** a serious problem by **7 %**

The existing system was strengthened in 2023, and its scope was expanded to cover emissions from maritime transport. A separate new Emissions Trading System was created to extend carbon pricing to new sectors of the economy, in particular to fuels for buildings and road transport. In addition to putting a price on pollution and generating investment in the green transition, the new system will provide social support for people and small businesses to ensure no one is left behind.

The final legislative package is expected to reduce the EU's net greenhouse-gas emissions by 57 % by 2030, compared to 1990.

A new mechanism for importing goods from outside the EU will ensure that a carbon price is set in targeted sectors. New legislation also includes updated targets on renewables and energy efficiency, and rules to boost charging infrastructure and the use of alternative fuels in road transport, shipping and aviation.

In 2023, the Member States had to submit their updated draft national energy and climate plans, which outline how they intend to meet the EU's energy and climate targets for 2030. In December, the Commission assessed the plans and issued recommendations.



Leaving no one behind

To ensure a fair and inclusive green transition, €55 billion will be generated in investment over the current decade to support those living in the EU regions facing the greatest challenges in shifting to a climate-neutral economy.

In cooperation with national, regional and local stakeholders, the EU is helping to diversify regional economies and give people the chance to thrive in the new economy (see also Chapter 6).



VIDEO The Just Transition Platform.

Fit for 55 – adopted legislation



EU Emissions Trading System reform



New EU Emissions Trading System for building and road transport fuels



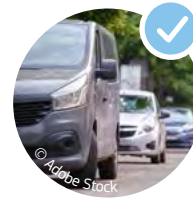
Social Climate Fund



Effort Sharing Regulation



Regulation on Land Use, Forestry and Agriculture



Carbon dioxide emissions standards for cars and vans



Carbon Border Adjustment Mechanism



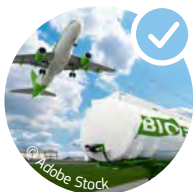
Renewable Energy Directive



Energy Efficiency Directive



Alternative Fuels Infrastructure Regulation



ReFuelEU Aviation Regulation



FuelEU Maritime Regulation

The EU's competitiveness will rely greatly on its capacity to develop and manufacture the clean technologies required for a successful transition to a net-zero economy. To strengthen the competitiveness of net-zero technologies in the EU and support the fast transition to climate neutrality, the Commission presented the [Green Deal Industrial Plan for the Net-Zero Age](#) in February 2023. The plan aims to create a more supportive environment for scaling up the EU's manufacturing capacity for net-zero technologies and products (see Chapter 4).

The EU is also supporting innovative net-zero technologies through the [Innovation Fund](#), financed

by the Emissions Trading System. It aims to bring solutions to the market to decarbonise European industry and support the transition to climate neutrality, while boosting the EU's competitiveness. Some Member States are also supporting the manufacturing capacity of innovative technologies under their national recovery and resilience plans. The Commission has launched a series of Clean Transition Dialogues to be able to support every sector in building its business model for the decarbonisation of industry, starting with dialogues on hydrogen and energy-intensive industries in 2023 (see Chapter 4).

Towards a circular economy

During the year, the EU continued to make progress in moving towards a circular economy, with the aim of making sustainable products the norm, reducing pressure on natural resources, cutting waste and creating sustainable growth and jobs.

Every year, more than 5 million tonnes of clothing is discarded in the EU (over 11 kg per person), yet only 22 % of this waste is collected separately for reuse or recycling, while the remainder is often incinerated or sent for landfill. [Proposed new rules](#) on textiles will hold producers accountable for the life cycles of their products, in particular waste management, thus promoting sustainable textile-waste handling across the EU. Increasing the availability of used and recycled textiles is expected to create local jobs and save money for consumers in the EU and beyond, while alleviating the impact of textile production on natural resources. The [ReSet the Trend](#) campaign was launched in 2023 to raise awareness about sustainable fashion.

Food waste has a huge economic, social and environmental impact. Under a [new proposal](#) presented by the Commission in July, Member States will be expected to [reduce food waste](#) in processing and manufacturing by 10 % by 2030 and by 30 % (per capita) jointly at the retail and consumption levels. These new targets will benefit food security and cut greenhouse-gas emissions, while also saving costs for businesses and consumers.



Food waste

58.4 million tonnes

(131 kg/person/year) are generated annually in the EU. (Source: [Eurostat](#), 2023.)

Approximately **10 %** of all food supplied to retailers, food services and households is wasted.

Over half of food waste is generated by **households** (54 %).

The **second-largest** share (21 %) is from the processing and manufacturing sector.

Underpinning these efforts, the Commission has adopted a [revised Circular Economy Monitoring Framework](#) to better track progress in the transition to a circular economy in the EU, and its contribution to global sustainability and EU resilience. This framework includes new indicators, such as the material footprint and resource productivity, to measure progress towards waste-prevention targets.

Every year, almost 6 million vehicles in the EU reach the end of their life. Inadequate end-of-life handling of vehicles results in lost value and pollution.

New measures to boost circularity in the automotive sector could lead to up to 4 million more cars being recycled and 22 000 more jobs by 2035.

→
Virginijus Sinkevičius, European Commissioner for Environment, Oceans and Fisheries (right), visiting a company that is a front runner in the area of the circular economy, Belgium, July 2023.

[Proposed new rules](#), which cover all aspects of a vehicle from its design and placement on the market to its final treatment, are expected to generate €1.8 billion in net revenue by 2035. They will also lead to significant carbon savings and reduced dependency on raw materials, and create additional jobs and enhanced revenue streams for the waste-management and recycling industry.



A political [agreement](#) was reached on the Commission's proposal for new rules on waste shipments, which will ensure that the EU takes greater responsibility for its own waste. The export of plastic waste from the EU to countries that are not members of the Organisation for Economic Co-Operation and Development will be banned. The agreement will contribute to reducing waste pollution and advancing the circular economy.

Products have a significant environmental impact throughout their life cycle – from the extraction of raw materials to their manufacture, transport, use and end of life. In December, an [agreement](#) was reached on the proposal to make sustainable products the norm in the EU. The new [Ecodesign for Sustainable Products Regulation](#) builds on the existing [ecodesign rules](#) that have successfully driven the improved energy efficiency of products in the EU for almost 20 years. The new law will extend the existing framework in two ways: first, to cover the broadest possible range of products; second,

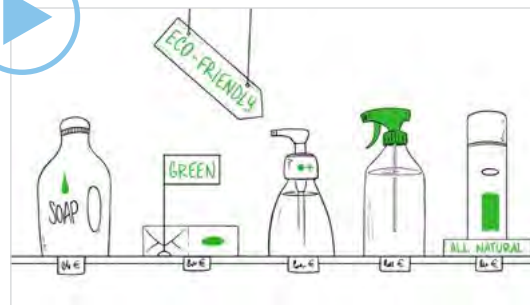
where appropriate, to broaden the scope of the requirements with which products must comply.

Empowering consumers for the green transition is an important element in achieving the sustainable-consumption objectives of the European Green Deal. The European Parliament and the Council of the European Union reached an [agreement](#) in September on the proposal for new rules that will ensure that consumers are better informed about the durability and reparability of the goods they purchase, and better protected against unfair commercial practices. There will also be a new ban on misleading claims on products based on offsetting emissions. The Commission has also presented a [proposal](#) to improve access to and information about repair services. This promotes repair over replacement during the legal guarantee and requires manufacturers to repair goods that are and will become subject to specific reparability (ecodesign) requirements under EU law.

Making sustainable choices

To complement measures to empower consumers, the Commission has also proposed new rules to tackle greenwashing – where products or processes are made to appear more environmentally friendly than they really are. Ensuring that environmental labels and claims are credible and trustworthy will allow consumers to make better-informed purchasing decisions. It will also boost the competitiveness of businesses striving to increase the environmental sustainability of their products and activities.

New rules have been finalised to help consumers make informed and eco-friendly choices when buying mobile phones and tablets. New ecodesign rules will improve the durability, repairability, reusability and recyclability of such devices. Meanwhile, the new energy label on smartphones and tablets will detail their efficiency and durability, and a repairability score will guide consumers towards sustainable choices. The rules will apply from 20 June 2025.



← VIDEO The proposed new law on green claims.

Advancing the Zero-Pollution Action Plan

Water

In 2023, with the revised Drinking Water Directive having been incorporated into national legislation, new rules began to apply across the EU. These rules will ensure some of the highest standards in the world for drinking water.

In June, in response to evidence that there is now less rain in many parts of the EU, new requirements for the safe reuse of treated wastewater in agricultural irrigation started to apply.



© Getty Images

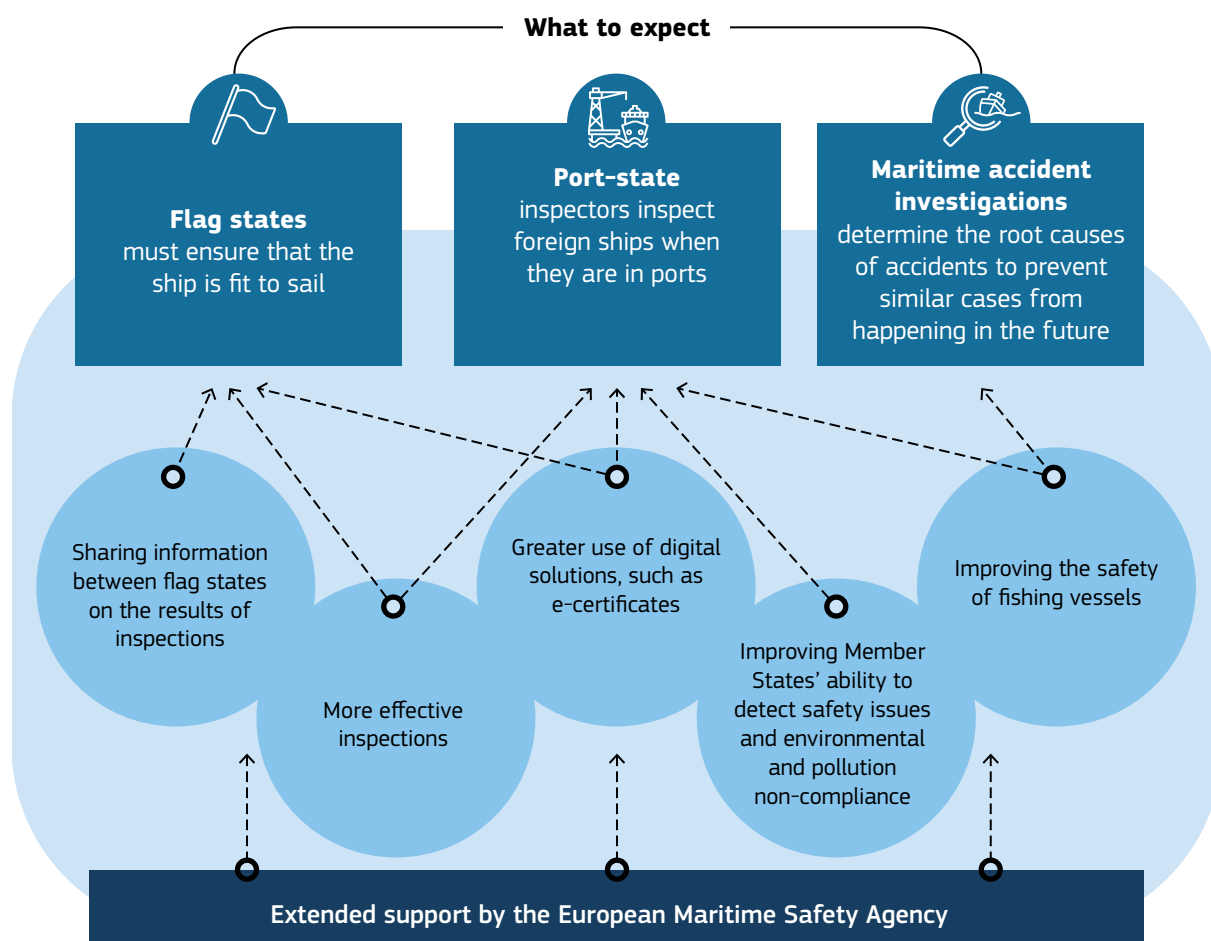
An EU report analysing one of the largest ecological disasters in Europe in recent memory, in which around 360 tonnes of fish died in the Oder River, was published in February 2023. It identifies the likely cause as being a substantial toxic algal bloom, and proposes recommendations to help prevent such a catastrophic event from happening again.

Although maritime safety in EU waters is very high, with few fatalities and no recent major oil spills, more than 2 000 marine accidents and incidents are still reported every year. In June, the Commission presented five legislative proposals to modernise EU rules and prevent water pollution from ships. The proposals also aim to prevent illegal discharges into European seas in order to lower the environmental impact of maritime transport activities and preserve the marine ecosystem.



Increasing maritime safety

Stringent EU safety standards are effective, but new challenges and technologies require new approaches.





Chemicals

Under a Commission proposal to protect EU citizens and the environment from toxic mercury, the use of dental amalgam will be fully prohibited. Some 40 tonnes of mercury is used annually in the EU for this purpose. The proposal will also prohibit the manufacture and export of certain products containing mercury, such as lamps.



Industrial emissions

The Industrial Emissions Directive regulates around 52 000 larger industrial and livestock installations across the EU. It requires them to hold a permit based on the use of best available techniques. In 2023, a new series of best-available-technique evaluations was made concerning slaughterhouses, animal by-products and edible co-product industries. Some 800 slaughterhouses in the EU will have to comply with these new standards to reduce their environmental impact.



Noise

Noise represents the second-biggest environmental health threat in Europe after air pollution. A report on the implementation of the Environmental Noise Directive sets out how noise can be further reduced to achieve the reduction target of 30 % by 2030.



Microplastics

The Commission took another major step in protecting the environment by adopting measures that restrict microplastics intentionally added to products. The new rules will prevent the release into the environment of around half a million tonnes of microplastics.



Check the quality of the environment where you live:
<https://discomap.eea.europa.eu/atlas/?page=Check-your-place>.

Check the quality of the air around you (also available as a mobile app):
<https://www.eea.europa.eu/themes/air/air-quality-index>.

Biodiversity

Nature is vital in combating climate change. The degradation of the natural environment increases the likelihood and severity of events such as floods and wildfires, making Europe's nature and biodiversity its best defence against natural disasters.

A provisional political agreement was reached in November on the Nature Restoration Law, setting in motion a process for the continuous and sustained recovery of nature. Member States will put restoration measures in place in at least 20 % of the EU's land areas and 20 % of its seas by 2030. By 2050, such measures should be in place for all ecosystems that need restoration.

Soil

Healthy soils are crucial for ensuring food security, achieving climate neutrality and stopping desertification and land degradation. Yet over 60 % of European soils are unhealthy. The proposal for a soil monitoring law aims to put the EU on a pathway to healthy soils by 2050 by gathering data on the health of soils and making it available to farmers and other soil managers. The new law will also make sustainable soil management the norm. The Commission has also published guidance on EU funding opportunities for healthy soil for stakeholders. The Mission Soil Manifesto,

launched in April, brings together regional and local policymakers, stakeholders and citizens in a vibrant community that cares for soil health. More than 2 100 individuals and 350 organisations had signed up to the voluntary initiative by the end of the year. Signatories recognise the need for action on soil health and engage in activities for soil protection and restoration.

Pollinators

With one in three bee, butterfly and hoverfly species in the EU disappearing, the Commission presented a renewed initiative in 2023 setting out action to be taken by the EU and the Member States to reverse the decline of pollinators by 2030. Citizens have increasingly been calling for decisive action against pollinator loss, most recently through the successful European Citizens' Initiative 'Save Bees and Farmers'. The EU also lowered the maximum residue levels of two neonicotinoid pesticides in food to the lowest level that can be measured with the latest technologies. The outdoor use of clothianidin and thiamethoxam has already been banned in the EU. The new levels will apply to food and feed products produced in or imported into the EU. This will ensure that food placed on the internal market does not contribute to the decline of pollinators, regardless of where it is produced.

Soil health directly affects EU food security



95 % of our food is directly or indirectly produced in soil.



Soil erosion costs the EU **€1.25 billion** a year in lost agricultural productivity.



83 % of EU soils contain pesticide residues.



More than **23 %** of agricultural land suffers from compaction, reducing productivity.



Forests

Forests are a crucial ally in the fight against climate change and biodiversity loss. The extent to which land, and the land-use sector in particular, can contribute to climate mitigation depends largely on how these areas are used and managed. Carbon removal in the EU land-use sector has decreased significantly in recent years, and the land-sink function is in decline. In 2023, the EU upgraded its legislation on land use, land-use change and forestry to boost carbon removal and promote sustainable agricultural and forest land management.

In November, the Commission proposed a forest monitoring law that aims to create a comprehensive knowledge base that will allow Member States, forest owners and forest managers to improve their response to the growing pressures on forests, which are exacerbated by climate change. As well as ensuring forests are more resilient to cross-border threats (pests, drought and wildfires), the monitoring framework will help forest owners and managers benefit from ecosystem payment schemes such as the EU carbon removal certification scheme.



The pioneering EU Regulation on Deforestation-free Supply Chains, a key building block in the fight against climate change and biodiversity loss, entered into force in June. Operators and traders will have 18 months to implement the new rules. Once applied, they will ensure that a set of key goods exported from the EU or placed on the EU market will no longer contribute to deforestation and forest degradation, either in the European Union itself or elsewhere in the world. The list includes palm oil, coffee, soy and chocolate. The new rules will also help secure the livelihoods of millions of people, including indigenous peoples and local communities across the world, who rely heavily on forest ecosystems.

Sustainable food systems

The approval of all 28 strategic plans by the Commission marked the start of the new Common Agricultural Policy (CAP) on 1 January 2023. A total of €264 billion of EU funding will support European farmers in the transition towards a more sustainable and resilient agricultural sector and help preserve the vitality and the diversity of rural areas between 2023 and 2027. Close to €98 billion will be devoted to delivering benefits for the climate, water, soil, air, biodiversity and animal welfare, in line with the objectives of the European Green Deal.

The new CAP will contribute to EU objectives on reducing the use of and risk from chemical pesticides and will substantially increase targeted support for organic farming. It will also provide incentives to land managers to store carbon in soil and biomass and to reduce greenhouse-gas emissions in 35 %

of the EU's agricultural area through appropriate management practices, with crop rotation expected on 85 % of CAP-supported arable land.

At a time of growing concerns about food supply, the Commission continued its work on mapping the drivers of food security. A new proposal to enable the safe use of new genomic techniques will contribute to the advance towards more sustainable food systems while safeguarding food security. These techniques can create climate-resilient, pest-resistant and high-yielding plant varieties, reducing the need for chemical pesticides and the EU's reliance on agricultural imports. The Commission has proposed new EU legislation on the production and marketing of plant and forest reproductive material to increase the diversity and quality of seeds, cuttings and other plant material.

The CAP is not only a tool to support recovery and restoration measures after a crisis; it also enables farmers to anticipate and adapt to the effects of climate change and other challenges. The EU is looking into how best to support EU farmers, and how to adapt EU agriculture policies with their needs in mind. To deliver on this, the Strategic Dialogue on the Future of EU Agriculture will be launched in January 2024.

→

Janusz Wojciechowski, European Commissioner for Agriculture (foreground, right), visiting communities impacted by floods in the fields in Thessaly, Greece, October 2023.



Animal welfare

The EU has been acting to improve animal welfare for over 40 years, progressively making the lives of animals better and adopting welfare standards that are among the highest in the world. This continued in 2023 with a [proposal](#) to overhaul the current EU rules on transporting animals, which will improve the well-being of the 1.6 billion animals transported within and from the EU each year. The proposal focuses on specific objectives, including reducing travel times, increasing minimum space allowances and improving conditions for animals exported from the EU. The enforcement of existing legislation remains a priority, and regular audits and controls continued during 2023 in various areas.

In addition, the [first-ever rules on the welfare and traceability of dogs and cats](#) will establish uniform EU standards for the breeding, housing and handling of dogs and cats in breeding establishments, pet shops and shelters. The traceability of dogs and

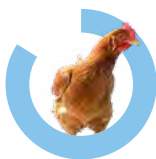
cats will also be reinforced through mandatory identification and registration in national databases to fight illegal trading, and will allow for better control of the welfare conditions in such establishments.

The Commission responded during the year to the European Citizens' Initiative '[Fur Free Europe](#)' – the 10th successful initiative, supported by over 1.5 million citizens across the EU. While no further legislation is proposed at this stage, the Commission envisages a series of measures to address the aims of the initiative, including tasking the European Food Safety Authority with preparing a scientific opinion on the welfare of fur animals by March 2025.

Further measures on animal welfare, for example the follow-up to the "End the Cage Age" European Citizens' Initiative, are under preparation.

What do people in the EU have to say about animal welfare?

The need to better protect the welfare of animals



84 % think that the welfare of farmed animals should be better protected.



74 % think that the welfare of companion animals should be better protected.

Source: [Special Eurobarometer 533](#), October 2023.

Images: © Adobe Stock.

The welfare of farmed animals



91 % consider it important.

8 % do not consider it important.



The welfare of animals is important to people in the EU, as the results of a Eurobarometer survey published in October show.

Sustainable fisheries and oceans

Climate change and biodiversity loss threaten the sustainability of fisheries and aquaculture resources. A package of measures put forward in February sets out measures to tackle these challenges through the implementation of the Common Fisheries Policy and a new Marine Action Plan. The measures provide ways to increase the resilience and sustainability of fisheries and aquaculture, including by supporting the much-needed energy transition (see Chapter 4). The package contributes to the EU's commitment to protect at least 30 % of its seas (with 10 % under strict protection). The proposed measures will be carried out gradually to enable the sector to adapt.

New rules adopted by the Parliament and the Council in 2023 aim to help prevent overfishing and create a more effective and harmonised fisheries control system, taking full advantage of modern technologies. This includes the use of remote electronic monitoring and CCTV on board fishing vessels, and the mandatory use of digital tools in catch certification and traceability processes to prevent imports obtained from illegal fishing.

The Commission welcomed the European Citizens' Initiative 'Stop Finning – Stop the trade', which asked it to help end the international trade in loose

shark fins, starting with banning the trade on the EU market. The Commission will consider whether legislation is necessary. It will also step up the enforcement of EU traceability measures and engage with international partners to protect and sustainably manage sharks globally.

After more than a decade of multilateral negotiations, the High Seas Treaty was adopted in June. This treaty is a historic achievement in efforts to protect the ocean, tackle environmental degradation, fight climate change and prevent biodiversity loss in the high seas. It has been a priority for the EU and its Member States, which led the negotiations at the global level. The treaty will enter into force once it has been ratified by 60 parties.

The EU formally accepted the World Trade Organization Agreement on Fisheries Subsidies on behalf of its Member States. The agreement is crucial for ensuring that fisheries subsidies have sustainability as their core objective and avoid harming the ocean and fish stocks, on which the livelihoods of coastal communities around the world depend. It will enter into force once two thirds of the 164 members of the organisation have completed their domestic ratification processes.



Sustainable mobility

The EU is investing in a wide range of transport projects to improve cross-border infrastructure and promote new technologies through the 2021–2027 Connecting Europe Facility. Projects that received EU funding in 2023 include major cross-border rail connections, notably the Brenner Base Tunnel (linking Italy and Austria), Rail Baltica (connecting the three Baltic states and Poland with the rest of Europe) and the cross-border section between Germany and the Netherlands (Emmerich–Oberhausen). The €6.2 billion worth of funding supports projects contributing to a more efficient, greener and smarter network of railways, inland waterways, roads and maritime routes, with the majority going to sustainable transport modes. To improve cross-border rail connections across Europe, the EU announced support in 2023 for 10 EU pilot projects establishing new rail services or improving existing ones – making them faster, more frequent and more affordable.



↑
Adina Vălean, European Commissioner for Transport (right), during the 2023 Urban Mobility Days in Seville, Spain, 4 October 2023.



Aviation

In October, the EU adopted the ReFuelEU Aviation Regulation to promote the use of sustainable aviation fuels. The new rules will require aviation fuel suppliers to blend kerosene with increasing amounts of sustainable fuels from 2025. It is projected that this will reduce carbon dioxide emissions from aircraft by around two thirds by 2050 compared to a no-action scenario, and provide climate and air-quality benefits.

The Alliance for Zero-Emission Aviation, launched in 2022, is preparing for the entry into service of hydrogen-powered and electric aircraft. Close to 300 experts from the alliance's 141 member organisations are addressing issues fundamental to their roll-out. The progress report published by the alliance argues that the coming years must be used to establish an appropriate regulatory framework.



Shipping

The new FuelEU Maritime Regulation, adopted by the EU in July, will promote the use of cleaner fuels and energy for maritime transport, ensuring that the greenhouse-gas intensity of fuels used by the sector gradually decreases over time – by 2 % in 2025 to as much as 80 % by 2050.

The EU welcomed the agreement reached at the International Maritime Organization to set a goal of net-zero emissions from ships 'by or around, i.e. close to, 2050'. It also welcomed the indicative checkpoints: at least 20 % – striving for 30 % – in 2030, and at least 70 % – striving for 80 % – in 2040 (compared to 2008 levels).

In addition, the EU invested over €540 million in alternative-fuel infrastructure along the Trans-European Transport Network. This will translate into approximately 14 000 charging points and 81 hydrogen refuelling stations, along with the electrification of ports and airports.

The EU also proposed to revise its Combined Transport Directive, with the aim of making freight transport more sustainable by improving the competitiveness of using two or more transport modes.

The Commission has put forward a revision of the standards for carbon dioxide emissions from heavy-duty vehicles such as trucks, city buses and long-distance buses. These are responsible for over 25 % of greenhouse-gas emissions from road transport in the EU and over 6 % of total EU emissions. To stimulate faster deployment of zero-emission buses in cities, the Commission proposed to make all new city buses zero-emission as of 2030.

Reducing carbon dioxide emissions from heavy-duty vehicles

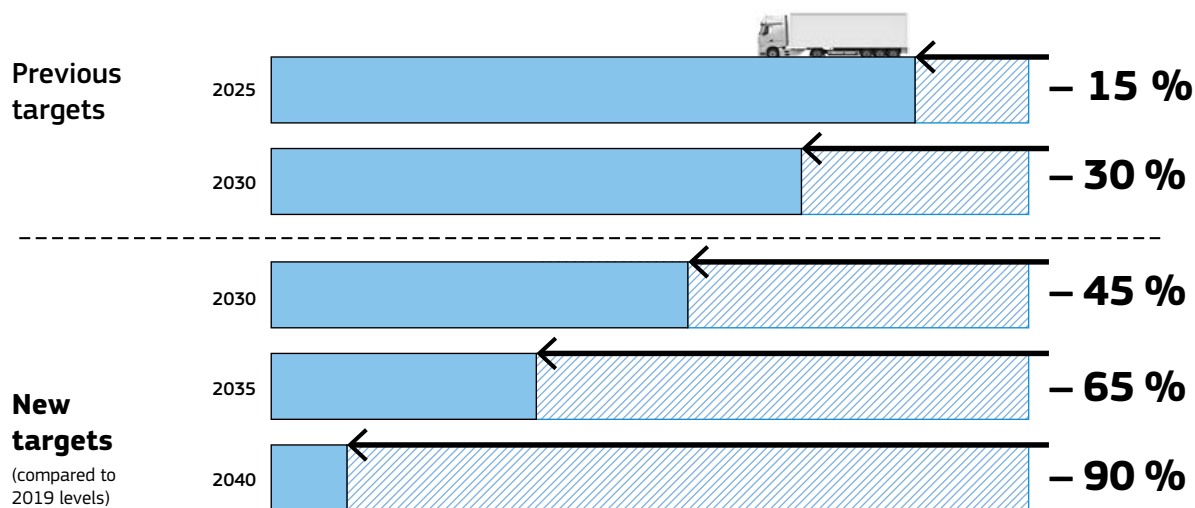


Image: © Adobe Stock.

Acting globally for the planet

The 2023 UN Climate Change Conference ([COP28](#)) in Dubai, United Arab Emirates, marked the conclusion of the first global stocktake under the [Paris Agreement](#) to see how much progress countries have made since the adoption of the global agreement on climate change.



↑
[VIDEO](#) COP28 outcomes.

The EU succeeded, with partners from around the world, in keeping alive the possibility of delivering on the commitment made in Paris in 2015 to limit the global average temperature increase to 1.5 °C. Recognising that the world is not currently on track to reach this goal, the parties agreed a pathway to get back on course.

All parties agreed to transition away from fossil fuels and to take urgent action in this critical decade for the climate. With the talks having a particular focus on the energy sector, countries agreed to take action to reduce emissions by 43 % by 2030 and to set the world on a path to reaching net-zero emissions by 2050, in line with the best available science.

The EU led a global initiative at the conference to triple global renewable energy capacity and double the rate of energy-efficiency improvements by 2030, launching the [Global Pledge on Renewables and Energy Efficiency](#) during the talks. With the support of the COP28 presidency, and backed by some 130 countries, the pledge was endorsed by the entire world in the conference outcome document, the 'UAE Consensus'.

The EU announced it would invest €2.3 billion from the EU budget to support the energy transition in the European Neighbourhood and around the globe in the next 2 years, through the [Global Gateway](#) strategy (see Chapter 8).

Under the [Global Methane Pledge](#), launched by the EU and the United States in 2021, more than 150 countries are now implementing a collective goal to reduce global methane emissions by at least 30 % below 2020 levels by 2030. At COP28, the EU and its Member States announced funding of [€175 million in support of the Methane Finance Sprint](#) to boost methane reduction.

→
Wopke Hoekstra, European Commissioner for Climate Action, at COP28, Dubai, United Arab Emirates, 8 December 2023.





← Maroš Šefčovič, Executive Vice-President of the European Commission in charge of the European Green Deal, Interinstitutional Relations and Foresight, participates in the United Nations Framework Convention on Climate Change meeting in the context of COP28 in Dubai, United Arab Emirates, 4 December 2023.

The global stocktake also addressed the means of implementing the necessary transition, with parties agreeing on the final steps towards setting the new collective quantified goal on climate finance at next year's conference. A framework for the [Global Goal on Adaptation](#), which aims to strengthen the world's resilience to climate change, was also agreed at the conference.

The EU helped to operationalise the new Loss and Damage Fund, which will assist developing countries that are particularly vulnerable to the adverse effects of climate change. The EU and its Member States contributed more than €400 million to the fund – over two thirds of the initial funding pledges.

To address the human impact of the climate crisis in fragile and conflict settings, the EU joined two new flagship initiatives launched by the COP28 presidency: [Getting Ahead of Disasters: A charter on finance for managing risks](#) and the [Declaration on Climate, Relief, Recovery and Peace](#). The charter sets out principles to ensure better use of finance to manage risks and protect people in the most vulnerable countries, while the declaration calls for urgent financial support for climate adaptation and resilience in those countries.

At the [UN Water Conference](#) in March, the first summit of its kind in almost 50 years, the EU confirmed its [strong commitment](#) to ensuring global water resilience and security. The EU delegation [presented](#) 33 voluntary commitments to the [Water Action Agenda](#), a platform to accelerate global progress on the water-related Sustainable Development Goals.

At the start of the year, the EU partnered with 26 countries to launch the [Coalition of Trade Ministers on Climate](#), the first ministerial-level global forum dedicated to trade, climate and sustainable development issues. The coalition aims to drive trade policies that address climate change both locally and globally.

The EU [forged a green alliance with Norway](#) in April, and [another with Canada](#) in November, to deepen cooperation on the climate, the environment, energy and clean industry. The EU and South Korea also [established a green partnership](#) in May, with the aim of strengthening cooperation and exchanging best practices on climate action, a clean and fair energy transition, protection of the environment and other fields of the green transition.

Sustainable Development Goals

The first [voluntary review](#) by the EU on the implementation of the 2030 Agenda for Sustainable Development shows that it is fully committed to delivering the 17 Sustainable Development Goals, which were adopted by all UN member states in 2015.

The EU has firmly placed sustainable development at its core, and is making efforts to advance the 2030 Agenda both at home and around the world by supporting partner countries in their implementation efforts.

The EU has integrated the goals into its policies, budgets and long-term planning. Through its comprehensive whole-of-government approach, the European Green Deal is leading the way towards a more sustainable and prosperous future for all.



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4. Ensuring affordable, secure and sustainable energy for Europe

Introduction

After facing one of the worst global energy crises in decades, in 2023 the European Union took drastic action to save energy, diversify its energy supply and accelerate the clean-energy transition. The continuing climate, environmental and biodiversity emergencies unfolding all over the world further highlighted the need for urgent action. During the year, the EU continued phasing out Russian fossil fuels to safeguard its economy, while making it more sustainable through an increase in renewable-energy production and energy-efficiency measures.

The EU launched a comprehensive reform of its electricity market so that consumers will be better protected against energy price shocks. It also introduced new initiatives to boost its competitiveness and build industrial capacity for clean technologies. These initiatives aim to ensure access to critical raw materials and reduce strategic dependencies in critical technologies and value chains, thereby improving the EU's economic security and technological sovereignty.

Energy security

Phasing out Russian fossil fuels

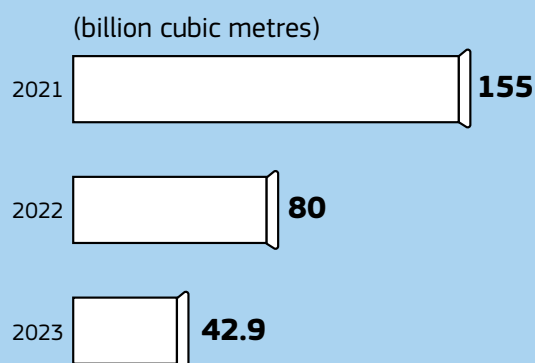
To ensure that people in the European Union have access to energy that is affordable, secure and sustainable, the EU launched the [REPowerEU Plan](#) in May 2022. Its objective is to significantly reduce the EU's dependence on Russian fossil fuels by producing more clean energy at home, reducing energy consumption and diversifying the EU's energy supplies. Within the first 12 months of its launch, the EU had made substantial progress on these three goals.

By the end of 2023, overall EU imports of Russian gas amounted to just 42.9 billion cubic metres (bcm), compared to 80 bcm in 2022 and more than 150 bcm in 2021. During the year, Norway and North Africa were again the main suppliers of pipeline gas to the EU, while the United States was the main supplier of liquified natural gas.

In addition to REPowerEU, several tools are helping the EU Member States diversify their gas supply. One of these, the [AggregateEU](#) common gas purchasing mechanism, allows gas and gas-consuming companies to band together to pool demand, coordinate on infrastructure use, negotiate with international partners and prepare for joint gas and hydrogen purchases.



Gas imports from Russia



A further EU measure to address security-of-supply issues, introduced in 2022, is the [Gas Storage Regulation](#), which requires Member States to fill 90 % of their storage facilities by 1 November to guarantee sufficient stocks for the winter. This measure helped ensure that stocks reached 95 % of capacity ahead of the winter of 2022/2023. With prices substantially lower – and less volatile – than in 2022, progress on filling storage moved particularly swiftly in 2023, reaching the 90 % target on 18 August and remaining at over 95 % at the start of December.



↑
Ursula von der Leyen, President of the European Commission (fourth from left), and Jens Stoltenberg, Secretary General of NATO (fifth from left), on a visit to one of the Norwegian company Equinor's natural gas extraction platforms located off the west coast of Norway, 17 March 2023.



←

A liquefied natural gas (LNG) carrier at a shipping terminal recently deployed in Germany to import gas as an alternative to the Nord Stream gas pipelines, Brunsbüttel, Germany, September 2023. LNG is natural gas that has been cooled, changing it from a gas into a liquid that is one 600th of its original volume. This significant reduction allows it to be shipped safely and efficiently aboard LNG carriers.

Several new energy infrastructure projects completed over the last 2 years have also helped the EU to secure alternative sources of gas supply. Examples include the Baltic Pipe and the Interconnector Greece–Bulgaria, along with new terminals for liquefied natural gas in various Member States.

In November, the EU took another step towards making the EU's energy system fit for the future by publishing the first of its lists of Projects of Common Interest to be fully in line with the European Green Deal. It is set for formal adoption in early 2024.

Published every 2 years, the list contains projects that will improve the interconnectivity of the Member States' energy systems. The projects can benefit from accelerated permitting procedures and funding. It is the first list under the revised Trans-European Network for Energy Regulation to exclude fossil fuel projects and include hydrogen and electrolyser projects. It also includes projects that will link the EU's energy system with the United Kingdom, the Western Balkans and North African countries.

Access to affordable energy

Since summer 2021, energy prices have skyrocketed, severely affecting consumers and putting many at risk of energy poverty. In 2023, the EU focused on introducing rules that reform the energy market to protect consumers against future price shocks. These long-term measures supplement emergency measures taken in 2022, such as the market mechanism that limits excessive gas prices and an extra contribution imposed on certain energy companies that are making excessive profits.

Although the EU has a well-integrated single energy market that has benefited consumers for over

20 years, the energy crisis has shown that further improvements are necessary. That is why the Commission presented a proposal in March 2023 to revise the rules of the EU's electricity market design. This reform will give consumers more rights and options, while simultaneously increasing their protection by making energy bills independent from the short-term market price of electricity and by making the EU energy market more resilient. The European Parliament and Council reached an agreement on the reform at the end of the year.

The revised EU electricity market design empowers and protects consumers

Consumers now have the right to:

- fixed-price contracts, allowing them to lock in secure, long-term prices;
- multiple contracts;
- share the renewable energy they produce with neighbours.

- It protects vulnerable customers from disconnection.
- It protects against future market manipulation and energy uncertainty.
- It requires energy suppliers to guard against high price spikes and the risk of failure.



The EU's efforts to diversify its energy supplies and suppliers have also helped to reduce energy prices – and their volatility – relative to the excesses seen in 2022. The [EU Energy Platform](#) (and specifically the AggregateEU mechanism mentioned earlier in the chapter) pools demand and carries out joint purchases of energy. This translates into better prices for EU consumers.

The Commission has also introduced a mechanism to correct price peaks in the gas market by establishing a new benchmark price for liquefied natural gas. This was necessary as an alternative to the previous approach whereby the gas price used by the Dutch Title Transfer Facility was used as a proxy. However,

this price was no longer proving reliable as it did not reflect the new market conditions. A benchmark figure is now published regularly by the [European Union Agency for the Cooperation of Energy Regulators](#), showing much less volatility than the Title Transfer Facility price.

Finally, the EU has enabled Member States to directly support vulnerable families and small and medium-sized enterprises through exceptional measures known as SAFE (Supporting Affordable Energy). Falling under [cohesion-policy rules](#), these measures allow Member States to use unspent EU funds under their 2014–2020 allocation to provide direct support to at-risk groups facing increased energy costs.

Efficient use of energy

The energy sector – heating of homes, powering industry sectors, and transport – is responsible for almost three quarters of global greenhouse-gas emissions. This means that reducing energy consumption makes a big difference in the fight against climate change. The EU wants to reduce its emissions by at least 55 % by 2030 (compared to

1990 levels), as set out in the European Green Deal (see Chapter 3).

In the winter of 2022/2023 – thanks to milder weather and the joint efforts of the EU, its Member States, individuals and companies – gas consumption in the EU fell by 18 % (or 53 bcm). However, to keep a careful balance between energy supply and demand, voluntary measures to save energy are still needed. The [emergency regulation on reducing gas consumption](#) (originally agreed in [July 2022](#)), has therefore been extended. The aim is to reduce consumption by a further 60 bcm between April 2023 and March 2024. Other emergency rules from 2022 on the market correction mechanism, solidarity rules and permitting have also been extended to guard against further problems.



The new Energy Efficiency Directive has established more ambitious long-term goals for energy consumption



A new target to reduce energy consumption by 11.7 % by 2030 relative to forecast consumption (the original target proposed in 2021 was 9 %).



Member States must achieve an annual saving of 1.3 % of final energy consumption by 2024, rising to 1.9 % by 2028, up from the 2023 level of 0.8 %.

Improving the use of energy in buildings is another important way to save energy. The political agreement on [revisions to the Energy Performance of Buildings Directive](#) in December will help the building sector reduce its energy consumption and make buildings greener. These revisions set out a range of measures to help EU governments boost the energy performance of buildings, with a specific focus on improving the worst-performing buildings.

Energy savings are achieved not only by using less energy and using it more efficiently, but also through the design of everyday products and appliances by manufacturers. The [new EU ecodesign rules](#) specify that electrical appliances should use less energy in standby mode, giving manufacturers 2 years to

improve their products' performance. Tumble dryers, local space heaters, mobile phones, tablets and industrial fans are among the products subject to the new or revised, and stricter, rules. These changes will be reflected in the [EU energy label](#), which continues to be widely recognised and used by consumers in the EU.

The EU aims to make sustainable products the norm. Towards the end of the year, the Parliament and the Council reached an [agreement on the Sustainable Products initiative](#), proposed in March 2022, which challenges the traditional 'take-make-dispose' consumption model. The initiative aims to ensure that products are built to last, thereby decreasing waste and conserving resources.



The Commission estimates that reducing the electricity consumption of products in standby mode will save 1.36 million tonnes of carbon dioxide per year. These savings are also good for consumers' wallets, with the total savings for consumers estimated at €530 million a year by 2030.

Accelerating the production of green energy

Switching to clean, renewable energy is essential to realising the European Green Deal's goal of a climate-neutral Europe. The REPowerEU Plan, which is central to this transition, focuses on green energy production, phasing out Russian fossil fuels and promoting energy conservation. The Recovery and Resilience Facility and the Green Deal Industrial Plan are pivotal in supporting REPowerEU, providing financial and strategic backing for the shift towards renewable energy and the broader goal of a climate-neutral Europe.

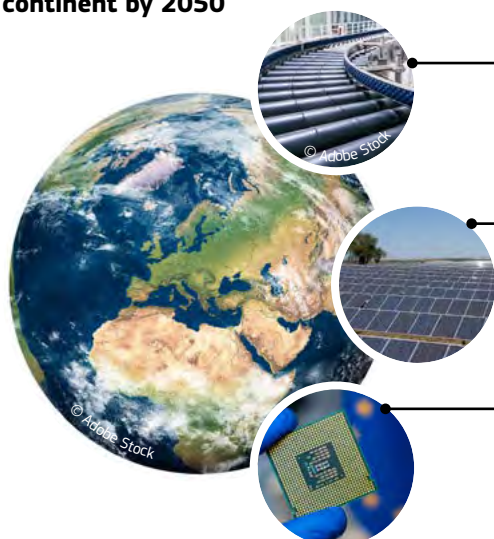
The Recovery and Resilience Facility plays a significant role in the financing of green energy projects and infrastructure to accelerate the transition towards renewable energy, with about 42 % of its funds dedicated to the green transition. (See Chapter 2 for more on the facility.) Member States are amending their recovery and resilience plans to include a dedicated REPowerEU chapter, meaning that they will show how they will address its objectives in their recovery plans. To date, 23 Member States have submitted their REPowerEU chapters, with €61.87 billion from the amended plans allocated to renewable energy and energy

networks, including €35.51 billion specifically for renewable-energy generation. The Recovery and Resilience Facility also enables Member States to allocate funding to Important Projects of Common European Interest in areas such as hydrogen and batteries.

In addition to the facility's support for investment in both mature and innovative renewable-energy technologies, a range of broader initiatives was introduced in 2023 to address the structural challenges affecting the EU's clean-energy sector. One of these initiatives, the Green Deal Industrial Plan, aims to enhance the competitiveness of net-zero technologies in the EU (thus speeding up the transition to climate neutrality) by building on the strengths of the Single Market. The EU has simplified regulations so that it is easier to obtain the raw materials needed for clean technologies, and has made it easier to obtain funding for green-energy technologies. It is committed to upskilling and reskilling people to work in the clean-technology sector, and to improving open trade to ensure access to raw materials and so that green technologies can thrive. As a result, communities will benefit from the high-quality jobs that the clean-technology industry provides, while individuals will enjoy the advantages of a cleaner environment and a more sustainable market economy.

The European Green Deal

Making Europe the first climate-neutral continent by 2050



The Green Deal Industrial Plan

Building the industrial capacity for the clean technologies that make up the European Green Deal.

REPowerEU

Responding to energy-market disruption with affordable, secure and sustainable energy for Europe.

The Recovery and Resilience Facility

Recovering from the pandemic and preparing for the green and digital transitions.

The Green Industrial Plan is based on four complementary pillars



A predictable and simplified regulatory environment



Faster access to funding



Enhanced skills



Open trade for resilient supply chains

As part of the Green Deal Industrial Plan – specifically relating to simplifying the regulatory environment for the clean-technology sector – the Commission also introduced proposals in March 2023 for a [Critical Raw Materials Act](#) and a [Net-Zero Industry Act](#). These two acts will work in tandem to support the EU's net-zero manufacturing capacity and ensure the availability of necessary raw materials for manufacturing clean technologies in the EU.

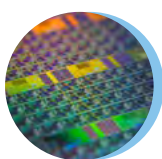
Critical raw materials

Critical raw materials are at the beginning of many industrial supply chains, and global demand for them is increasing.



Rare earth elements are key components of permanent magnets used in wind turbine motors.

Lithium, cobalt and nickel are used in battery manufacturing.



Silicon is used for semiconductors.

Amid global demand for critical raw materials, and in a fast-changing and increasingly challenging geopolitical environment, it is crucial to ensure that the EU has access to a secure and sustainable supply of these materials. This is also essential for the EU's competitiveness, particularly in sectors such as green and digital technologies and in the defence and aerospace industries.

Formally agreed by the Parliament and the Council in [November](#), the Critical Raw Materials Act will strengthen domestic capacities for critical raw materials throughout the entire supply chain. It establishes clear targets to increase extraction, processing and recycling capacities by 2030. Moreover, the EU will diversify its import sources to avoid relying on any single supplier for more than 65 % of its consumption. This strategy includes forming international partnerships, supported by the [Global Gateway](#).

The Net-Zero Industry Act will strengthen the resilience and competitiveness of the EU's sector for the manufacturing of net-zero technologies, contributing to a more secure and sustainable energy system. The act will improve conditions for setting up net-zero projects in the EU and attracting investment. It sets an ambitious target: by 2030, the EU's strategic capacity for net-zero-technology manufacturing should meet or exceed 40 % of the EU's deployment needs. Achieving this will significantly accelerate progress towards the European Union's 2030 climate and energy targets and the broader transition to climate neutrality. Moreover, it will boost the competitiveness of EU industry, create high-quality jobs and support the EU's efforts to achieve energy independence.

Finally, the EU's aim to speed up the use of renewables, notably those produced in Europe, is also reflected in its energy policy. One of the biggest milestones of 2023 was the revision of the [Renewable Energy Directive](#) to accelerate the roll-out of renewable energy. This revision raised the EU's renewable-energy target to a minimum of 42.5 % by 2030, with the ambition of reaching 45 %, compared to the previous goal of 32 % set in 2018. The revised directive addresses recent bottlenecks and inefficiencies by introducing new measures on renewable hydrogen and on renewables in transport and industry. It also clarifies technical issues, including sustainability criteria for bioenergy, and makes permanent the previously temporary rules put in place to shorten and simplify the [permitting](#) procedures for renewable-energy projects.

Renewables

After adopting the [EU Solar Energy Strategy](#) and launching the [Biomethane Industrial Partnership](#) in 2022, the EU shifted its focus in 2023 to renewable hydrogen and wind power.

In terms of hydrogen and getting this new technology off the ground, the first step was to define what counts as renewable hydrogen. This was set out in the [Hydrogen Delegated Acts](#), which also stipulated the importance of creating additional renewable energy to produce renewable hydrogen. Setting these EU standards is crucial for the expansion of this sector.

In December, a political agreement on the [low-carbon gas and hydrogen package](#) marked another significant milestone. This initiative is designed to promote the use of renewable and low-carbon gases, with a particular emphasis on establishing a market for renewable hydrogen.

In March, the [European Clean Hydrogen Alliance](#) – set up in 2020 to support the large-scale deployment of clean hydrogen technologies by 2030 – published a [roadmap](#) on hydrogen standardisation. It provides a comprehensive overview of the standardisation gaps, challenges and needs identified by alliance members. The alliance also published a [Learnbook on Hydrogen Supply Corridors](#), which provides an up-to-date overview of the evolution of key infrastructure projects across the EU that are required to establish the low-carbon [European Hydrogen Backbone](#). This is an initiative that aims to make use of both existing and new gas pipelines to create a hydrogen network across the continent.

As regards renewable hydrogen production, the European Electrolyser Partnership renewed its [commitment](#) to the [joint declaration](#) in 2022 on expanding EU electrolyser manufacturing capacity by a factor of 10 by 2025.

The Commission has also proposed to establish a pan-European hydrogen facility, called the [European Hydrogen Bank](#). The Hydrogen Bank will ensure investment security and business opportunities for European and global renewable hydrogen production. It will do so through two financing mechanisms

→

Kadri Simson, European Commissioner for Energy (left), and Pascal De Buck, Managing Director and Chief Executive Officer of Fluxys (right), on a site visit during the construction of a gas pipeline carrying hydrogen, Lokeren, Belgium, 7 July 2023.



→ Frans Timmermans, then Executive Vice-President of the European Commission in charge of the European Green Deal, speaking at the World Hydrogen Summit 2023, Rotterdam, Netherlands, 11 May 2023.



(one to stimulate EU production of hydrogen, the other for international imports into the EU); by assessing demand and infrastructure needs; and by coordinating different sources of funding for more streamlined investment in sustainable hydrogen.

The Commission signed a [joint declaration](#) with European stakeholders in March to boost research and innovation on renewable hydrogen in order to advance the deployment of renewable hydrogen and drive forward the clean-energy transition.

The EU has also taken action to accelerate the deployment of and innovation in wind power. As opposed to hydrogen power – which is still in its early stages – the EU's wind-power sector is already a success story. This sector has achieved a levelled cost of energy that is [on par with or even below](#) that of fossil fuels, and in 2023 (January to August), wind energy accounted for, on average, [17.2 %](#) of electricity consumed in the EU. However, some issues remain. Permitting delays, skills shortages and the way in which national tenders are designed to favour cost over sustainability are some of the challenges faced. Moreover, wind turbine manufacturers lack clear wind deployment plans from Member States, complicating project planning amid global competition and commodity cost surges.

To address some of the issues still present in the sector, the Commission presented the [European Wind Power Action Plan](#) in October.

The action plan includes the launch of the Accele-RES initiative, which will help digitalise the permitting process and will launch a dedicated online tool to assist with permitting procedures. In addition, the plan will strengthen the competitiveness of the EU's wind manufacturing industry by making it easier for EU manufacturers to access foreign markets; protect against trade distortions (such as the unfair subsidisation of wind-related products imported into the EU); and standardise wind-energy equipment to improve interoperability, quality and sustainability.

Finally, 21 Member States submitted [wind pledges](#) at the end of 2023, indicating the wind-power projects and wind-energy deployment volumes they envisage for the immediate future (2024–2026). This will create more certainty for both manufacturers and investors, leading to more wind-power projects being launched.

The [European Wind Power Action Plan](#) consists of six main parts that address related concerns, and will help wind power capacity grow from 204 gigawatts in 2022 to the desired goal of 500 gigawatts in 2030





A battery-based energy storage facility (implemented by the company Energy Cells), totalling 200 megawatts and with a 200 megawatt-hour capacity, Vilnius, Lithuania, 25 July 2023. This project received €87.6 million of funding from the Recovery and Resilience Facility, and will enable Lithuania to disconnect from the Russian-controlled electricity grid while simultaneously helping it synchronise with the continental European electricity grid.

Supporting the transition to renewable energy

Switching to renewable energy also means finding ways to capture and store it for times when, for example, the wind is not blowing and the sun is not shining.

One way to store renewables is by making use of batteries. Since 2017, the [European Battery Alliance](#), set up by the EU to support the European battery ecosystem, has been playing a vital role in supporting progress in this area. Its [seventh high-level meeting](#) took place in March 2023, and emphasised the importance of equipping enough people with the skills needed for the battery industry.

Ensuring a just transition and upskilling workers in industries that are affected by the switch to clean energy are other important aspects of making the transition to renewables. Against this backdrop, the

European Union designated 2023 the Year of Skills (for further details, see Chapter 6).

In 2023, in addition to addressing specific skills shortages through initiatives like the Wind Power Action Plan, the Commission helped launch a [large-scale skills partnership for energy-intensive industries](#) and a [large-scale renewable energy skills partnership](#). These partnerships will ensure that the workforces from these industries are equipped with the right skills to keep up with the EU's transition to renewable energy and help them to navigate the changing labour market. The partnerships aim to both identify skill gaps and develop appropriate curricula and training programmes to address these gaps.

The fisheries and aquaculture sector's energy transition

In February 2023, the Commission presented a [communication on the energy transition of the EU fisheries and aquaculture sector](#). The measures under the initiative aim to support the transition of the sector to cleaner energy sources, thus helping to reduce the sector's current dependence on fossil fuels, which is not only environmentally unsustainable, but also makes it vulnerable to energy price increases. (For further details, see Chapter 3.)



A Danish eco-friendly fishing vessel design, with fuel savings of at least 25 % per kilo of fish product. Innovations such as these, along with structures put in place by the EU, will speed up this sector's energy transition.

These partnerships also complement existing initiatives, such as the European Battery Alliance Academy, which aims to train, reskill and upskill workers to meet the demand for skilled workers in the rapidly growing European battery value chain. Currently, the academy is developing and rolling out cutting-edge training in cooperation with education and training providers across the Member States.

The Net-Zero Industry Act and the Critical Raw Materials Act have also introduced key initiatives to promote a skilled workforce in the EU. The Net-Zero Industry Act establishes Net-Zero Industry Academies to support the production of net-zero technologies. Similarly, the Critical Raw Materials Act creates a Raw Materials Academy, focusing on enhancing skills that are essential for the workforce in the critical raw materials supply chain.

2023 also saw the launch of the Clean Transition Dialogues. The first of these focused on hydrogen, bringing representatives of the entire hydrogen value

chain together to exchange ideas and best practices on how to strengthen the industrial dimension of the European Green Deal. The second dialogue took place with representatives from energy-intensive industries.

Finally, to support the switch to renewable energy, the EU is giving practical advice and tailor-made guidance to Member States through the Technical Support Instrument. In 2023, this instrument helped 17 Member States to identify reforms and investments needed to phase out Russian fossil fuels. The areas of technical support included faster permitting for renewable energy; energy efficiency and building renovation; hydrogen and biomethane production; diversification of gas supply; and industry decarbonisation. This support will contribute to achieving the green transition and reducing the price of energy, to the benefit of individuals and businesses.



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5. A Europe fit for the digital age



The humanoid robot NAO is introduced at an inclusive daycare centre, where it accompanies the children in their everyday lives, Karlsruhe, Germany, 7 June 2023.

Introduction

The EU supports a human-centric, sustainable vision for digital society that empowers citizens and businesses and acts as a catalyst for climate action. Digital society and digital technologies bring with them new freedoms and rights, along with new opportunities to learn, entertain, work, explore and fulfil ambitions beyond physical communities and geographical places.

However, there are still many challenges associated with the digital transformation, and the EU is tackling them through a comprehensive framework known as the Digital Decade. In 2023, the EU stepped up action to strengthen cybersecurity and data protection, provide guard rails for artificial intelligence (AI), curb unfair practices in the digital space and protect the rights of users of digital services, with special attention paid to the most vulnerable – our children. Other priorities included measures to improve connectivity, mobility, education and judicial cooperation.



↑
VIDEO Once upon a Time in Europe's Digital Decade.

Progress on the Digital Decade

The aim of the [Digital Decade](#) is to ensure all aspects of technology and innovation work for people. From advancing digital skills and modernising infrastructure to integrating AI into business practices and enhancing public services with digital tools, the EU is committed to a holistic transformation. In September 2023, the inaugural [report](#) on the Digital Decade reviewed the EU's digital progress. It provided recommendations to EU Member States to help achieve the Digital Decade's ambitions. The report also included the annual [Digital Economy and Society Index](#) and analysed the implementation of digital [multi-country projects](#) – large-scale projects that no single Member State could develop on its own.

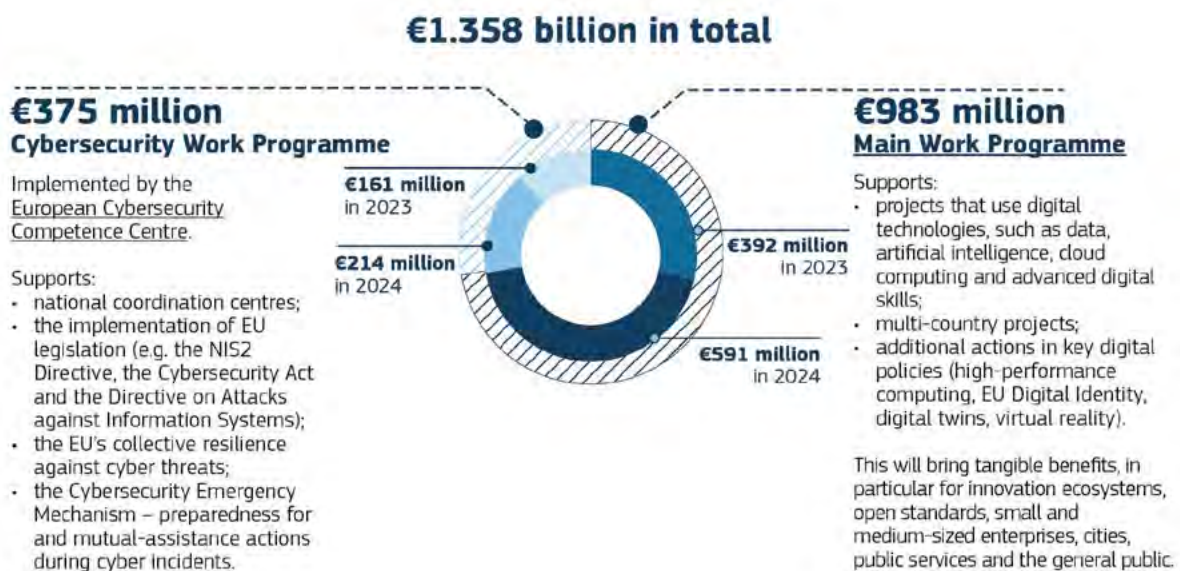
Furthermore, the document examined how Member States implemented the [Declaration on Digital Rights and Principles](#), reflecting the EU's commitment to a secure, safe and sustainable digital transformation,

with people at its core. It also showed the potential and the success of their collective efforts. A standout point was the pressing need to boost investment in digital technologies, skills and infrastructure.

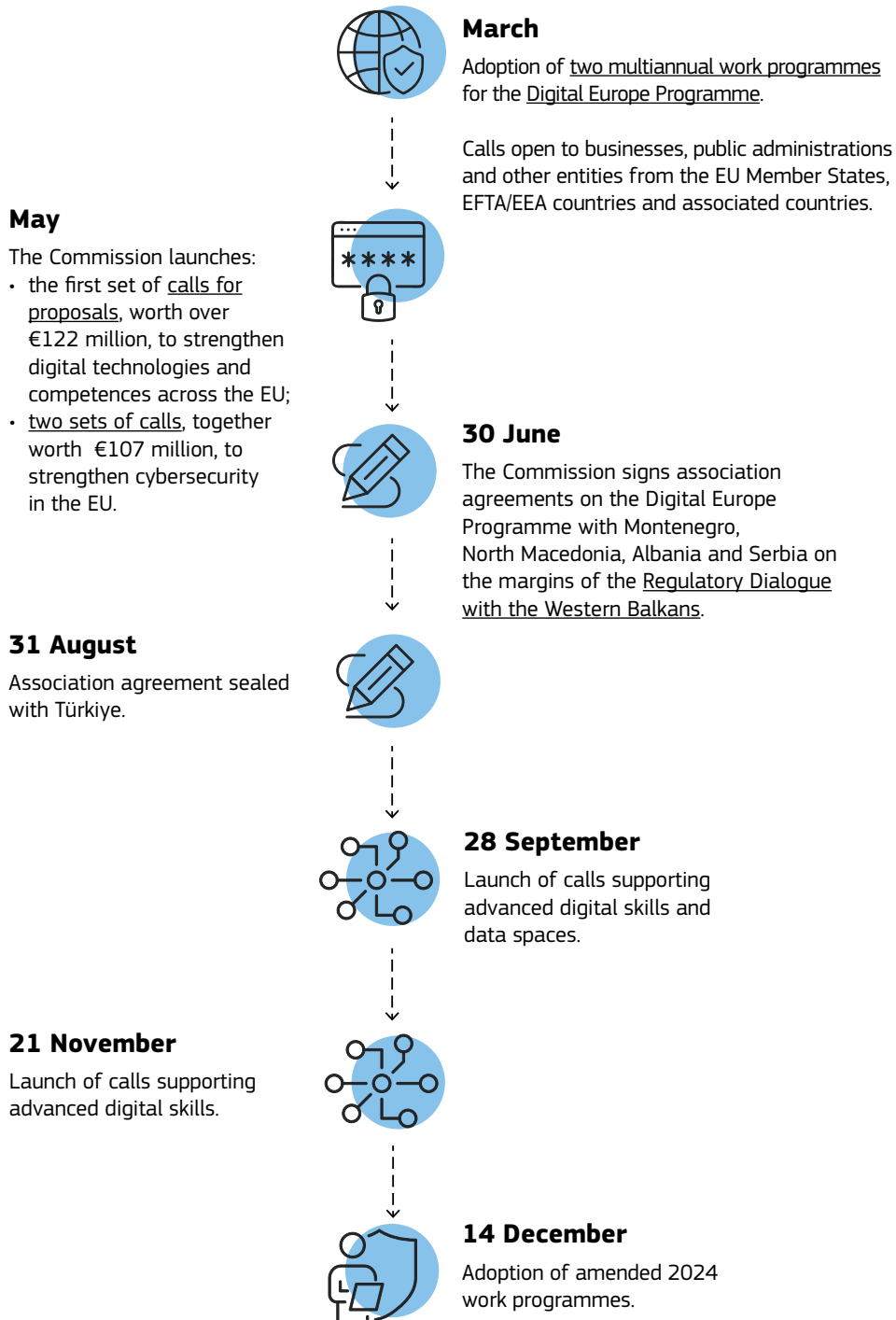
Digital Europe Programme

The European Commission has formalised its commitment to digital leadership with the adoption of the Digital Europe Work Programme for 2023–2024. The work programme comes with strategic investment that will be instrumental in achieving the [Digital Decade ambitions](#). More than just a monetary commitment, this programme is about the EU's technological sovereignty, which goes hand in hand with the European Green Deal. With it, the EU is charting a course to a digital future, in which individuals, businesses and government bodies all stand to benefit.

Digital Europe Programme funding for 2023–2024



Digital Europe Programme: key highlights of 2023



Digital for industry

Connectivity

Navigating the digital transformation demands both rapid adaptation and increased connectivity. In February 2023, the Commission rolled out a plan to bring gigabit connectivity to every corner of the EU. The proposed gigabit infrastructure act aims to cut the time required for and the cost of rolling out very-high-capacity networks. To help national authorities navigate this, the draft gigabit recommendation outlines the conditions under which operators can access competitors' networks. On top of this, the Commission launched a consultation at the same time to gather views on the future of the electronic communications sector and its infrastructure.

Artificial intelligence and supercomputers

From interactions with chatbots to tailored online recommendations, people in the EU are making AI an integral part of their daily lives. Given its widespread use, it is crucial that a framework be put in place to prevent misuse and protect people's privacy.

The EU aims to be a leader in AI that people can trust. It wants to improve research and industrial capacity, while making sure that the technology remains safe and that people's rights are protected.

In December, negotiations between the European Parliament and the Member States in the Council of the European Union on the groundbreaking AI Act resulted in a political agreement. The world's first comprehensive legal framework for AI will promote its growth in the EU for the benefit of all and manage the risks that come with the technology. It provides AI developers, deployers and users with clear requirements and obligations for its safe use in the EU; ensures that AI respects the fundamental rights of individuals in the EU; and prohibits practices

such as social credit scoring. The act also aims to encourage innovation by setting up regulatory sandboxes – special frameworks where businesses, particularly start-ups, can test new products and services in a real-world environment without the usual regulatory challenges.

In an effort to establish international standards for trustworthy AI, the Commission is working with like-minded partners, such as the G7, including through the Hiroshima AI process. The Commission contributed to and welcomed the G7 leaders' agreement on International Guiding Principles for AI and on a voluntary Code of Conduct for AI developers.

In 2023, the EU took further steps in building up a world-class supercomputer network in its Member States. The European High Performance Computing Joint Undertaking – a legal and funding entity that brings together EU companies to develop supercomputers – selected a vendor to acquire, supply, install and maintain Jupiter, the first European exascale supercomputer (a computer capable of performing more than a quintillion calculations per second). In addition, in June, the joint undertaking signed hosting agreements with six sites across the EU (in Czechia, Germany, Spain, France, Italy and Poland) to host and operate quantum computers.

The EU has used its world-class network of supercomputers to bring generative AI 'made in Europe' to the international stage. This move will help start-ups across the EU to train their AI models faster.

→ Margrethe Vestager, Executive Vice-President of the European Commission in charge of a Europe Fit for the Digital Age and European Commissioner for Competition (fifth from right), at the meeting of the G7 Digital and Technology Ministers, Takasaki, Japan, 30 April 2023.



Supercomputers in the EU

EU supercomputers introduced in 2023

June

It is announced that the Jules Verne consortium will host and operate the EU's second exascale supercomputer in France.



Linköping University in Sweden is selected to host and operate Arrhenius.

September

Deucalion is inaugurated in Guimarães, Portugal.

The new system will improve energy-saving technology, weather forecasting and marine research, and will help develop new medicines and environmentally friendly energy methods, among other things.



October

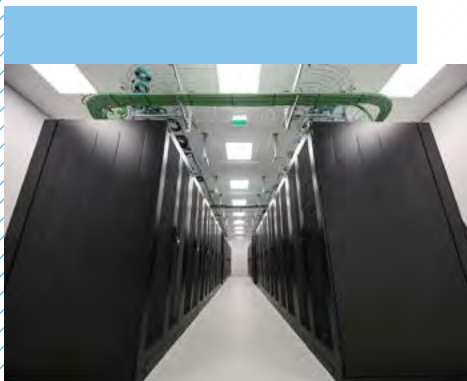
The procurement contract for Jupiter, the EU's first exascale supercomputer, is signed.



December

MareNostrum5 is deployed in Barcelona, Spain.

EU supercomputers already in operation



↑ The Deucalion supercomputer at the Portuguese Foundation for Science and Technology, University of Minho, Guimarães, Portugal, 6 September 2023.

Semiconductors

Semiconductors – commonly referred to as chips – are the hearts and brains of today's electronics. The European Chips Act, which came into effect on 21 September, is a bold step towards strengthening the European semiconductor sector. It will also

steer the EU towards technological sovereignty in semiconductor technologies and applications. Its ambitious target is for the EU to double its global market share in semiconductors to 20 % by 2030.

The European Chips Act

Three pillars



Supporting the development of and innovation in advanced chip technologies through the Chips Joint Undertaking.



Attracting large-scale investment to produce chips in the EU and ensure a stable supply.



Monitoring market developments and anticipating future crises through a mechanism for coordination between the European Commission and the Member States.

2023 achievements



In November 2023, the Chips Joint Undertaking announced its first calls dedicated to pilot production lines. The initial call provides €1.67 billion from the EU, expected to be topped up by Member States and private funds to a total of around €3.3 billion. The joint undertaking will strengthen the EU's semiconductor ecosystem and Europe's technological leadership. The objective is to bridge the gap between laboratories and manufacturing. This means translating research and prototypes developed in laboratories into scalable processes for factory production.



Since the act was proposed in early 2022, more than €100 billion of industrial investment has been announced in the EU.



The Semiconductor Alert System was introduced in May 2023 to monitor the semiconductor supply chain for potential risks.

European Strategy for Data

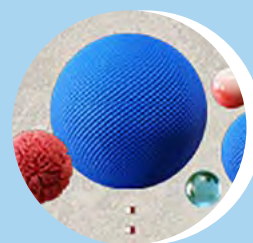
Data provide the fuel for digital transformation, innovation and growth. Certain public-sector data – such as weather or air-quality data – that have societal, environmental and economic benefits should be freely available. In January 2023, the Commission published a [list of high-value datasets](#) that must be available for free, in machine-readable formats.

The [Data Governance Act](#), which has been applicable since September 2023, will unlock the potential of public data and promote trust in voluntary data sharing. It will regulate the reuse of publicly held protected data and introduce [common logos](#) to identify intermediaries and data altruism organisations in the EU. The act also seeks to remove technical barriers, with the help of the European Data Innovation Board. The Commission presented plans during the year for a [European Tourism Data Space](#) and a [European Public Procurement Data Space](#). It has also set out the framework for both a European Tourism Stakeholder Collaboration Platform and an innovative Public Buyers Community Platform for better cooperation between public buyers.

In November, the EU [adopted](#) a new Regulation on harmonised rules on fair access to and use of data (the Data Act), which is to apply from 2025. It aims to boost the EU's data economy, improve access to industrial data and promote a reliable EU cloud market. The Data Act will provide more control over data, promote innovation and encourage further data creation.

Support for businesses

Every business, regardless of size, must embrace digital transformation to stay competitive. The [European Digital Innovation Hubs](#) provide answers and support to businesses that need help during their digital transition.



What is a European Digital Innovation Hub (EDIH)?

EDIHs are one-stop shops, spread across the Member States, that help businesses and public-sector organisations address digital challenges and become more competitive.

More than
150 EDIHs
have been established
throughout Europe

Co-financed with
€314 million
under the Digital
Europe Programme

Who does an EDIH help?

EDIHs help small and medium-sized enterprises, mid-caps and public-sector organisations respond to digital challenges. Their mission aligns with Europe's Digital Decade goal of ensuring that over 90 % of small and medium-sized enterprises reach at least a basic level of digital intensity by 2030.

How can an EDIH help?

EDIHs offer a wealth of services, providing technical expertise, professional training and financial advice.

Digitalisation of company law

Modern business also calls for a sharper legal framework. With the further development of online tools for company set-up and cross-border activities, doing business in the EU is becoming easier. The latest Commission [proposal](#) in this regard aims to expand the use of digital tools and processes in EU company law. Its once-only principle is set to reduce administrative burdens, as companies expanding within the EU will not have to resubmit information. Moreover, the [Business Registers Interconnection System](#) ensures company data remain both trustworthy and easily accessible across the EU.

Combating online piracy

Sharing copyrighted content without permission harms creative businesses and stands in the way of innovation and economic growth. Knowing the importance of stopping online piracy, especially during live events such as sports and concerts, the Commission [recommended measures](#) in May 2023. It encourages Member States to take steps to deal with illegal broadcasts, thereby supporting the EU's sports and creative industries.

Digitalisation of transport and mobility

Just as digital business rules foster economic growth, digital transport ensures that growth is sustainable, efficient and far-reaching. The EU has therefore adopted new rules to boost [intelligent transport systems](#). This update to the current directive on the subject optimises multimodal travel planning, streamlines traffic management and encourages eco-friendly travel. A proposal for a unified [European Mobility Data Space](#) was also adopted in November, to simplify data sharing and pooling.

The EU has also been working on making roads safer. A big step towards this in 2023 was the proposal to [modernise driving licence rules](#). The proposal includes introducing a digital driving licence that would be valid across the EU. It will also make enforcing traffic rules across borders easier. These changes are key to improving road safety and achieving the EU's 'Vision Zero' goal – no road deaths by 2050.

The rapid expansion of the commercial drone market in the EU has sparked a wave of new regulations on the safety and efficacy of drones. [New EU rules](#) began to apply in 2023, establishing a dedicated airspace for drones, known as U-space, to make drone traffic safe and allow operators to offer a wider range of services. From package delivery to emergency assistance, and from search and rescue missions to infrastructure monitoring, the vision of the European Drone Strategy 2.0 will steadily come to fruition.

→ Work on the Wörth–Germersheim–Speyer line in Germany as part of the Fast-Track Programme to help digitalise the rail network, 21 July 2023.



Digitalisation for citizens

Cybersecurity and resilience

The new rules to secure a common high level of cybersecurity across all Member States, known as the [NIS2 Directive](#), came into force in January 2023. Compared to the earlier 2016 cybersecurity measures, the new rules cover more sectors, such as telecoms providers, postal services, public administration and healthcare. Companies operating in these sectors now have stricter risk management and incident-reporting duties.

On 30 November, the Parliament and the Council agreed on the [Cyber Resilience Act](#), intended to enhance rules for more secure hardware and software products. This is the first law of its kind in the world. It will raise the level of cybersecurity for all digital products in the EU, helping consumers and businesses. The law will apply to everything from baby monitors to routers, with security rules varying based on the product's risk level.

In April, the Commission also [proposed the EU Cyber Solidarity Act](#), to help countries work together against online threats.



→ Věra Jourová, Vice-President of the European Commission in charge of Values and Transparency (second from left), participates in the conference '5 Years of the GDPR: Still a benchmark in the EU digital landscape?', Brussels, Belgium, 23 May 2023.

Data protection

In today's interconnected world, data flow globally at the touch of a button. Protecting data upholds people's trust. That means all who handle personal data should play by the same rules. This is underscored by the Commission's July proposal for [a new regulation on the procedural rules of the General Data Protection Regulation \(GDPR\)](#). The proposed regulation aims to strengthen GDPR enforcement in cases that affect people located in more than one Member State. Its intention is clear: the faster resolution of cases, meaning faster remedies for people and more legal certainty for businesses.

Thanks to rising global standards for data protection, international cooperation has flourished. Notable outcomes include the release of the [EU-Association of South-East Asian Nations guide on data transfer clauses](#) in May, the [EU-US Data Privacy Framework](#) agreed upon by the Commission in July and the [successful review of the data agreement with Japan](#).



VIDEO EU cybersecurity: stepping up its efforts to protect citizens, businesses and infrastructure against cyberattacks, the EU is funding research to boost its digital defences.



The Digital Services Act and the Digital Markets Act

To better protect fundamental rights and curb unfair practices in the digital space, the EU started applying two new acts in 2023: the [Digital Services Act \(DSA\)](#) and the [Digital Markets Act](#).

The DSA makes sure online platforms and search engines are held accountable for harmful content. It aims to protect children online, provide clarity on how algorithms work and ban targeted advertising that profiles people based on categories such as ethnicity, political views and sexual orientation.

By 17 February, these platforms had to disclose their [user numbers in the EU](#). The biggest ones – referred to as [very large online platforms and search engines](#) – were given until the end of August to comply with the obligations in the act. Since then, the EU has been collecting information from major platforms to check whether they are complying with parts of the DSA, particularly in protecting children and removing harmful content. To support the application of the DSA, the [European Centre for Algorithmic Transparency](#) was established to oversee these companies' algorithms.

Member States too have been [encouraged](#) to act quickly against online terrorist content and hate speech, so as to speed up the enforcement of the DSA. The Commission has also signed [administrative agreements](#) with several national media regulators, which are now leading the way in implementing the DSA. Their role in overseeing media operations and upholding broadcasting standards goes beyond mere supervision. They ensure that digital platforms are not just passive hosts, but instead active participants in the moderation and management of online content that is illegal or presents a systematic societal risk.

The related Digital Markets Act has [set out clear obligations](#) to ensure that the dominant companies in the digital sector, known as gatekeepers, maintain a level playing field in the digital marketplace. [Six gatekeepers](#) were designated at the beginning of September, and they have until March 2024 to fully comply.

The signatories to the [2022 Code of Practice on Disinformation](#), including all major online platforms, have also launched the new [Transparency Centre](#) and published the first [baseline reports](#) on how they are putting the code's commitments into practice.



←

VIDEO Thanks to the Digital Services Act, targeted advertising will be more transparent and more limited. For example, advertising that is based on sensitive data (such as sexuality, religion or race) or that targets children will be banned.

→

A participant in the European Citizens' Panel on Virtual Worlds practises a life-saving technique using a virtual reality tool, Brussels, Belgium, April 2023.



Virtual worlds

According to an EU [study](#), 98 % of professionals see [extended reality](#) as being a major force in their industry in the next 5 years. Knowing this, the EU is keen to understand both the benefits and the risks of such technologies, while always keeping in mind the rights of the individual. To get genuine feedback, the Commission hosted a [European Citizens' Panel](#) from

February to April 2023, gathering input on virtual worlds in the EU (see Chapter 9).

This collective feedback fed into the [new Strategy for Web 4.0 and Virtual Worlds](#), adopted in July, which aims to create an EU digital landscape that is transparent, safe and welcoming for all – be they people, businesses or public authorities.

What will virtual worlds make possible?



Health

Students and professionals can be trained to deal with emergency situations and carry out surgery simulations, leading to a lower risk of surgical complications and better accuracy of diagnosis.



Green transition

3D models can simulate the effects of global warming, leading to a better understanding of its causes and mitigation measures.

Faster set-up times and less wasting of energy, materials and resources will contribute to the green transition across the industry.



Industry

By 2025, industrial virtual worlds will reduce vehicle delivery times by 60 % and the carbon footprint of vehicle manufacturing by 50 %.



Art and design

From fashion to cultural heritage, and from music to visual arts and design, virtual works will offer new ways to create. They will give users the feeling of being in a real museum, or at concerts, theatre plays or immersive ballets.



Education

A more experiential learning process can help students learn faster and understand the world better.

Cross-border cooperation

When EU residents move within the EU, their social security rights, including healthcare and pensions, move with them. On 6 September, the Commission proposed a [digital plan](#) to make accessing these benefits across borders quicker and easier. Better data exchanges between Member States and streamlined benefit-claim procedures will make it easier not only for people to live, work

and travel abroad, but also for companies to do business in other Member States, and for national administrations to coordinate social security across borders.

Thanks to the [EU Digital Identity Wallet](#), every EU resident could soon have access to a secure mobile app that allows them to prove their identity, both online and offline, and store personal documents such as their driving licence, ID and academic certificates.

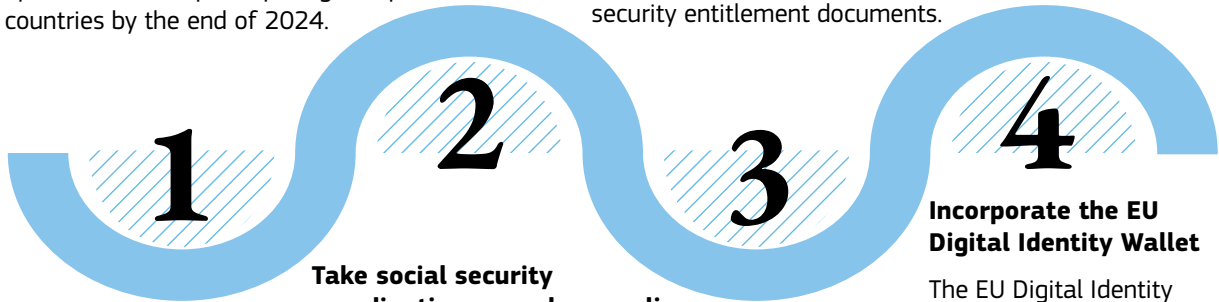
Key initiatives to improve social security through digital transformation

Accelerate the implementation of EESSI

The aim is to move away from paper-based to digital exchange between national social security institutions by having the Electronic Exchange of Social Security Information (EESSI) system operational in all participating European countries by the end of 2024.

Fully engage in Esspass pilot activities

The European Social Security Pass (Esspass) aims to simplify the cross-border issuance and verification of citizens' social security entitlement documents.



Take social security coordination procedures online

The aim is to make it even easier for people to move and work abroad, and to ensure rapid access to statutory benefits. Member States can build on the [Single Digital Gateway](#) Regulation, which provides for certain administrative procedures to be fully online by 12 December 2023.

Incorporate the EU Digital Identity Wallet

The EU Digital Identity Wallet will be a digital tool for EU citizens to verify their identity online and access services across the Member States.

In November, the Parliament and the Council [reached a political agreement](#) on the core elements for the legal framework of the EU Digital Identity. As part of this framework, the wallet will give users full control over their data via a publicly guaranteed system, rather than one offered by a large private platform.

The EU has also updated its [rules](#) on cross-border cooperation in legal matters. Previous rules covered judicial cooperation, but not communication via digital means. Now, competent authorities in Member States must connect to a decentralised IT system to exchange data securely. The system will be interoperable with [e-CODEX](#), which is a communication tool developed specifically for the judicial sector, managed by the [European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice](#).

In addition, a European electronic access point is now available for people and businesses to interact digitally

with national judicial authorities. Court hearings can now use video calls, and new protocols are in place for the use of electronic signatures and seals, the legal effect of electronic documents and the electronic payment of court fees in civil proceedings.

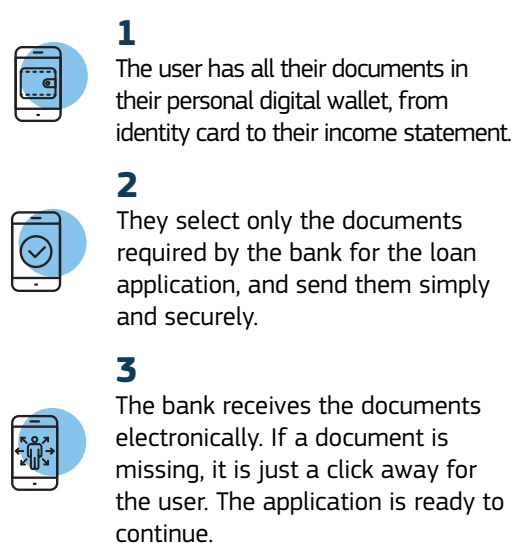
The future of healthcare is also digital, and the [European Health Data Space](#), proposed in 2022, could soon play a key role in this transformation. In December, the Parliament and the Council adopted their [positions](#) in support of creating this space, which is designed to provide EU residents with easier access to and control over their health data, even when in another Member State. It will enable healthcare professionals to deliver effective care based on a complete medical history. Furthermore, it is envisaged that it will be a key component in enabling the secure use of health data for important research and the development of health policies.

Using the EU Digital Identity: applying for a bank loan

Without the EU Digital Identity



With the EU Digital Identity

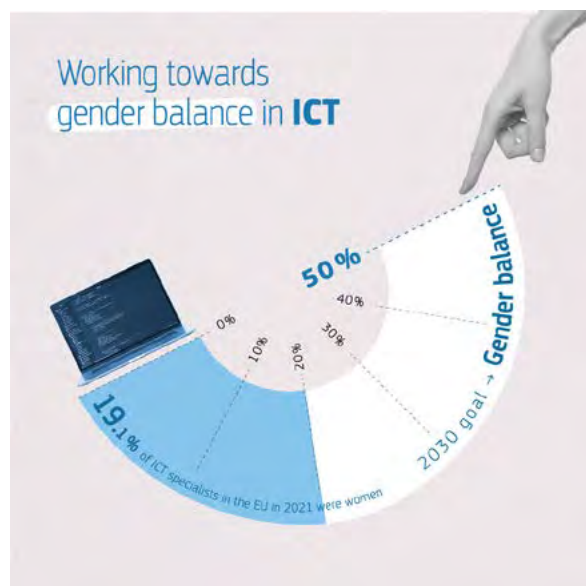


Using the European Digital Identity streamlines this process and saves more time.

Digital skills

Digital skills are essential for people to be able to participate in the labour market and in society at large, and for achieving social inclusion. With 2023 being the European Year of Skills, the EU continued to support Member States and the education and training sector in providing high-quality, inclusive and accessible digital education and training to develop the digital skills of people living in the EU. During the year, the EU launched multiple initiatives to close the skills gap.

Aiming for the Digital Decade policy's target of reaching 20 million gender-balanced ICT specialists by 2030, master's programmes and short-term training courses in advanced digital skills have been initiated under the Digital Europe Programme. Since 2023, these have been accessible through the [Digital Skills and Jobs Platform](#), which has now grown further with 22 national coalitions for digital skills and jobs.



The situation



In the future, **90 %** of jobs will require digital skills.



More than **one third** of the EU's labour force lacks the digital skills required for most jobs, across all sectors – from business to transport, and even to agriculture.



Only **54 %** of people in the EU between the ages of 16 and 74 can perform basic digital tasks.



More than **70 %** of businesses report a lack of staff with adequate digital skills as being an obstacle to investment.



The EU faces a critical shortage of digital experts, including in cybersecurity and data analysis. These shortages will likely increase with the projected decline in the working age population from 265 million in 2022 to **258 million** by 2030.



9.4 million information and communications technology (ICT) specialists are employed (4.6 % of total EU employment). Under current conditions, the number of ICT specialists in the EU will be close to 12 million by 2030, falling short of the 2030 target (at least 20 million ICT specialists employed) by around 8 million.

What is the EU doing about it?

Financial support for the development of digital skills includes:

€2 billion
European Social Fund
Plus programmes

€29 billion (*)
Recovery and resilience
plans

(*) This figure shows estimated expenditure for the original recovery and resilience plans.

€580 million
Digital Europe

EU initiatives to support digital skills

1. **Deep Tech Talent Initiative (under the New European Innovation Agenda)**

In the first year of the initiative, the European Institute of Innovation and Technology made significant progress towards the goal of qualifying 1 million learners in deep tech by 2025.



It launched a special [call for proposals](#) and [collaborated](#) with other initiatives, including [Girls Go Circular](#).



It launched the first [Deep Tech Talent Training Prize](#) to recognise and reward organisations that excel in tackling deep-tech training challenges.



It received pledges from several universities and companies to train over 650 000 learners.



It launched its new online platform – the [EIT Campus](#) – in January 2023, bringing together over 2 500 courses in entrepreneurship and skills development.

Images: © Getty Images.

2. **European Digital Skills Certificate**

September 2022

A feasibility study is carried out to gain an insight into the existing certification schemes for digital skills.

April 2023

A pilot project is launched with five EU Member States (Spain, France, Austria, Romania and Finland) to test building blocks for a European certificate.

December 2023

The outcomes of both work streams are presented and discussed at a final event.

3. **European Digital Skills Awards**

The European Digital Skills Awards encourage the sharing of experiences on how to close the digital skills gap.

In 2023, the awards promoted initiatives in five categories: youth, women, inclusion, digital upskilling at work and digital skills for education.

Seven winners were selected from 330 applicants.

4. **Cyber Skills Academy**

In recent years, cyber threats in the EU have increased dramatically. The academy will strengthen the EU's cybersecurity capabilities and increase the number of skilled cybersecurity professionals.

Space

Space technology plays an essential role in the daily lives of people in the EU, for example when they use mobile phones or car navigation systems, watch satellite television or withdraw money from a cash machine. Satellites also provide important data during disasters, improving emergency response coordination.

In 2023, new services were deployed to enhance the resilience and competitiveness of the EU's Copernicus and Galileo satellite constellations. For example, the upgraded Galileo satellite system now provides even more accurate location tracking, down to 20 cm.



To support current data needs and foster innovation, the Commission has introduced the Dynamic Purchasing System for Copernicus – a new way of doing space procurement in Europe. This makes it easier for small and medium-sized enterprises and start-ups to participate in the space data market.

← VIDEO Copernicus Data Space Ecosystem, a new distribution platform that opens doors to all the data and infrastructure needed for Earth-observation applications.

In March, the EU adopted IRIS² (Infrastructure for Resilience, Interconnectivity and Security by Satellite), its third major satellite constellation. With a €2.4 billion contribution from the EU budget, the programme is designed to ensure secure government communications, support military and defence operations and expand commercial broadband services, especially in remote areas.

For Europe to remain at the forefront of space technology, investment in research and innovation is equally important, especially through EU funding programmes such as Horizon Europe. The In-Orbit

Demonstration and Validation programme is proof of this commitment. As the name suggests, it allows space companies to trial new space technologies directly in orbit. This, for example, provides European research centres with invaluable insights and helps bring forward satellite launches for companies.

Recognising the need to attract more investment, at the beginning of 2023 the Commission also launched Helios, the first-ever space stock index. This tool gives a clear picture of how European space companies are doing financially. It helps them attract more attention and makes it easier for people to invest in them.

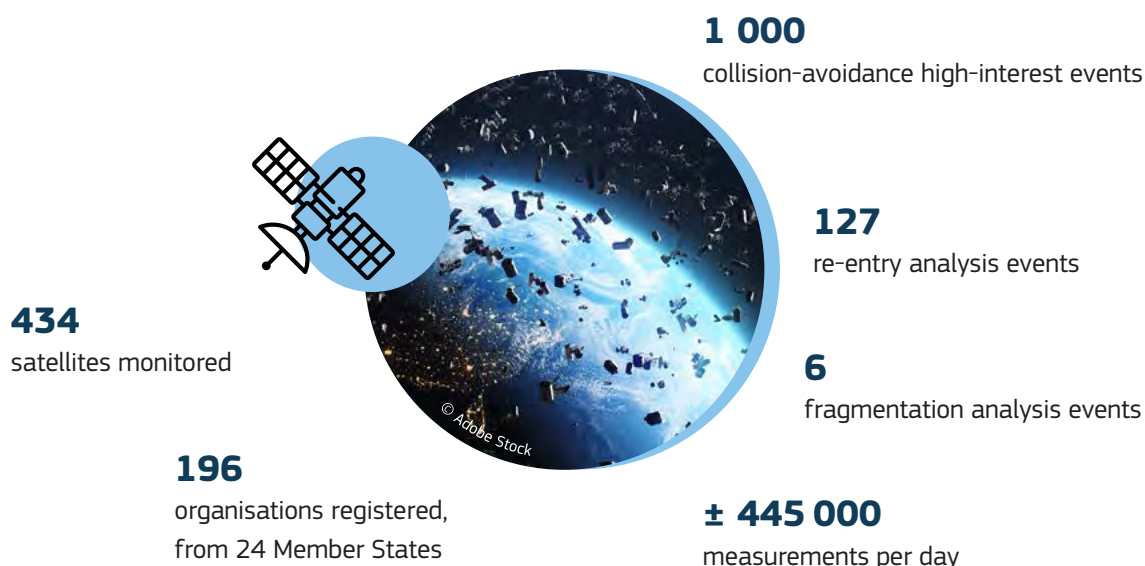
As Europe's space infrastructure expands, protective measures become increasingly important. The European Union Agency for the Space Programme, in cooperation with 15 Member States, champions this cause through the [EU Space Surveillance and Tracking Partnership](#). This partnership, equipped with a complex system of space surveillance and tracking sensors, serves over 190 registered organisations, protecting more than 400 satellites from the risk of collision with space debris and other operational satellites.

Space technology is crucial for environmental protection, and the EU's [Destination Earth](#) project is a prime example of this intersection. It aims to create a comprehensive digital model of the Earth for better weather and disaster prediction. Confirmed in December, the project's [second phase](#) will enhance the existing digital models, improve data handling and incorporate advanced AI technology.

In 2023, the [European Space Policy](#) placed significant emphasis on security in space. In that respect, the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell, presented a [joint communication on a European Space Strategy for Security and Defence](#). This introduces measures for a common understanding of space threats and sets the stage for a legislative proposal for an EU space law in 2024 (see Chapter 8).

EU Space Surveillance and Tracking 2023 facts and figures

By the end of 2023, more than 15 600 close approaches had been detected across three different orbits.





© Getty Images

6. Building a fair and social Europe



Transport workers campaigning for a just transition in the road transport industry during COP28, Dubai, United Arab Emirates, 9 December 2023.

Introduction

The EU's efforts to ensure that the economic recovery from the pandemic and the green and digital transitions are socially just and fair intensified further in 2023. With hundreds of events and activities throughout the year, the European Year of Skills provided strong impetus for greater participation in lifelong learning and for

developing skills and attracting talent to boost the EU's competitiveness. The EU also stepped up its groundbreaking work on ensuring gender equality, including by adopting measures to ensure equal pay for equal work and acceding to the Istanbul Convention on Preventing and Combating Violence against Women and Domestic Violence.

A fair economy for the green and digital transitions

With its core principles of equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion, the [European Pillar of Social Rights](#) acts as the EU's guide to making Europe's societies fairer and more resilient. It aims to ensure that everyone has equal chances in life and can benefit from the same social rights. These range from good education and training throughout life, fair wages and benefits, and safe and healthy working conditions to childcare, pensions and affordable, good-quality healthcare.

2023 marked the second anniversary of the action plan to turn the pillar into reality. Almost all of its 75 measures have now been implemented or presented. A review of the action plan is set for 2025.

The 2023 '[Joint Employment Report](#)' was the first to provide an update on progress towards the EU and national employment, skills and social-protection targets set for 2030. While the EU is well on track towards its headline employment target of 78 % by 2030, significant progress is still needed to reach the targets on adult learning and poverty reduction.

At least
78 %
of the population
aged 20 to 64
should be in
employment
by 2030

At least
60 %
of all adults should
participate in
training every
year by 2030

The number
of people at risk
of poverty or social
exclusion should
decrease by at least
15 million
by 2030

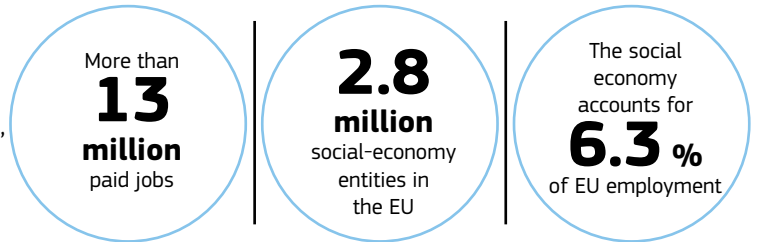
Strengthening social dialogue and the social economy

Negotiations between organisations representing employers and workers through social dialogue help improve living and working conditions, and also play an important role in adapting to changing economic and social circumstances. However, the degree of involvement of social partners varies considerably among EU Member States, while newer forms of employment and certain groups, such as young people, are less likely to be represented.

To support the Member States in strengthening social dialogue, the EU [adopted a recommendation](#) with concrete measures for the greater involvement of social partners – for example, promoting collective bargaining and consulting them when designing and implementing economic, employment and social policies. Social partners were also [consulted](#) on action to strengthen the rights of [European Works Councils](#), which are an important tool for involving workers in decisions that may affect their employment or working conditions made by companies operating in several Member States.

The social economy in numbers

The social economy prioritises people and social and environmental causes over profit. Social-economy organisations span a diverse range of sectors, from social and care services to housing, recreation and affordable energy. They include cooperatives, mutuals, non-profit associations, foundations and social enterprises.



Social economy organisations play a crucial role in tackling societal challenges and promote fair working conditions by involving employees in decision-making and governance. They also create opportunities for under-represented groups, such as women and young people, and contribute to making the green and digital transitions fair and inclusive. To support the further development of this important sector, the EU [approved measures](#) in November to create an environment that enables social economy organisations to thrive and grow. A new [one-stop shop](#) for the social economy provides

information on EU funding, training opportunities and what is happening on the ground in the Member States.

Today, non-profit associations engaging in activities in another Member State face different rules across the EU, resulting in administrative burdens and costs. To remove these obstacles, the European Commission has [proposed](#) a new national form of non-profit association specifically designed for cross-border activities, which will allow them to enjoy their Single Market freedoms.



© Adobe Stock

The [Just Transition Fund](#) and the [European Globalisation Adjustment Fund](#) are key to ensuring that no one is left behind. In addition, the newly created [Social Climate Fund](#) will support vulnerable EU households, micro businesses and transport users facing energy and transport poverty. Around €65 billion of the fund's €86.7 billion budget will come from revenue generated by the new [EU Emissions Trading System](#) covering the building and transport sectors. It will operate from 2026 until 2032. (See also Chapter 4.)

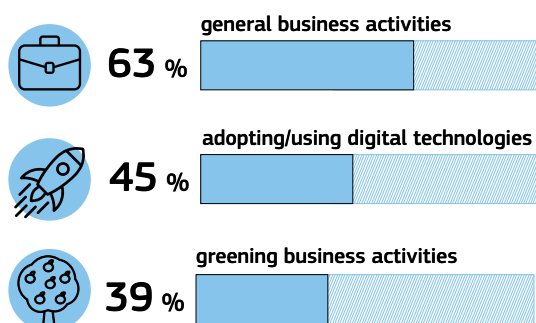


Boosting competitiveness and skills

While the green and digital transitions are opening up new opportunities for people and the European economy, many EU companies are reporting difficulties in finding workers with the skills they need. To deliver the necessary reskilling and upskilling of the European workforce and attract people with the right skills to the EU, 2023 was designated the [European Year of Skills](#).

The urgency for such an initiative was highlighted by the results of a [survey](#) carried out in spring among small and medium-sized enterprises, which revealed results that could limit the EU's capacity to achieve its goals.

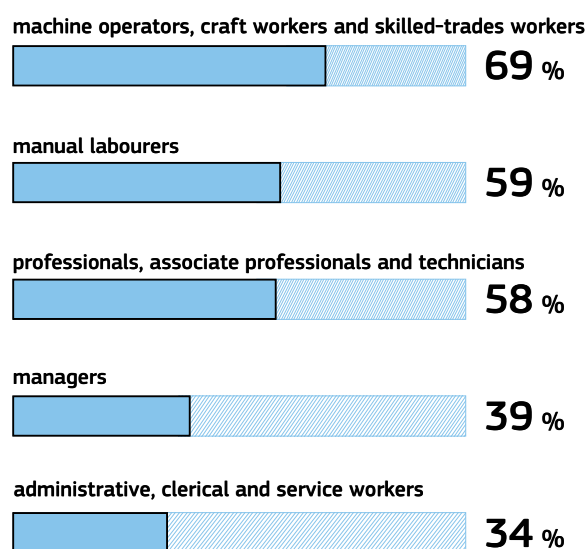
Skills shortages are holding SMEs back in relation to:



Initiatives such as the [Pact for Skills](#) are already tackling challenges and shortages in skills development, and will make an important contribution to the Year of Skills. So far, more than 2 million people have benefited from upskilling and reskilling activities, and more than 1 500 organisations have [signed up to the Pact for Skills Charter](#), including 20 [large-scale partnerships](#). Pact members have also developed or updated more than 15 000 training programmes and invested close to €160 million in skills initiatives.

Skills shortages by job role

Percentage of SMEs facing skills shortages in relation to:



Modelled on the [European Battery Academy](#), launched in 2022, the Commission is proposing Net-Zero Industry Academies to equip workers with the necessary skills for the green transition. The academies, each focusing on one net-zero technology, will bring together industry, social partners, and education and training providers.



VIDEO The European Year of Skills.



The flagship [Making Skills Count](#) event brought together around 300 people in Brussels and more than 1 000 online. The [European Vocational Skills Week](#) from 23 to 27 October highlighted the importance of vocational education and training in responding to economic, climate and social challenges. By the end of the year, more than 900 events had been organised at the national and local levels.

The European Year of Skills

The European Year of Skills aims to get everyone to recognise the importance of training and to become active.

The EU is working with Member States, social partners, employment services, chambers of commerce and industry, education and training providers, workers and companies to step up and advance skills development on the ground.



As one of the flagship initiatives of the European Year of Skills, the New European Bauhaus initiative launched the [NEB Academy](#) on skills for sustainable construction. It will accelerate upskilling and reskilling in the construction ecosystem to support the transition towards a regenerative [bioeconomy](#). This is where renewable biological resources from the land and sea (e.g. crops, forests and fish) are used to produce food, materials and energy. Identifying knowledge gaps in the use of bio-based materials and digital technologies will be among the first areas of the academy's focus, along with increased circularity in construction.

As an important contribution to the Year of Skills, the Commission consulted social partners on an initiative to update and strengthen the [European Quality](#)

[Framework for Traineeships](#). The framework aims to improve the quality of traineeships, particularly in terms of learning and training content and working conditions, in order to ease the transition from education, unemployment or inactivity and allow people to enhance their skills and gain work experience.

The EU-wide [Innovation Talent Platform](#), launched in March, will help businesses, including start-ups, find the talent they need beyond the EU. This will increase the mobility of skilled individuals towards and within Europe through international recruitment and by supporting matchmaking between EU-based employers and qualified nationals of non-EU countries who want to move legally to and work in the EU.



← Nicolas Schmit, European Commissioner for Jobs and Social Rights (foreground, second from right), visiting the Professional Training Centre of Santarém and Professional Training Centre for the Metallurgical and Metal-Mechanical Industry, Lisbon, Portugal, 17 February 2023.

In the coming years, the EU's population will continue to decline. If left unaddressed, demographic change will further exacerbate labour shortages and increase pressure on public budgets, as confirmed in the [2023 demography report](#). Following a call by leaders at the European Council in June, the Commission presented [a toolbox of measures](#) to help Member States manage demographic change. It aims to empower all generations to realise their personal aspirations and full potential in the economy and society at large.

Nurturing talent is particularly important in regions suffering from a shrinking labour force and a

low proportion of people with a post-secondary education, and those hit by the departure of young people. The [Talent Booster Mechanism](#) was launched in January 2023 as part of the EU's strategy for [harnessing talent in its regions](#). It will support EU regions affected by the accelerated decline of their working-age population in training, retaining and attracting the people, skills and competences needed to address the impact of the demographic transition. The [Harnessing Talent Platform](#) was officially launched in November, bringing together policymakers from regions and Member States with those at the EU level.

A toolbox of measures to manage demographic change



Parents

Facilitating the reconciliation of work and private life and the realisation of family plans.



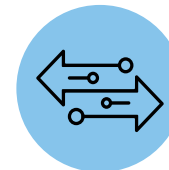
Youth

Enabling young people to realise their potential in a high-quality learning environment and facilitate the transition to working life.



Older people

Supporting healthy and active ageing and enabling people to stay in control of their lives and still contribute to the economy and society.



Migration

Attracting and integrating talent from outside of the EU.

Promoting economic prosperity and well-being in all regions with place-based policies.

The implementation of the [long-term vision for the EU's rural areas](#) is in full swing. Over 2 000 organisations and authorities at the EU, national, regional and local levels are now collaborating to forge stronger cooperation across different policy areas and boost the sustainability and vitality of rural areas. 2023 saw the creation of the [Rural Pact Coordination Group](#) and the launch of the [Rural Pact Community Platform](#), with resources for rural communities facing population loss, ageing and demographic decline. The EU also provided [political guidance](#) aimed at further strengthening the prosperity, resilience and social fabric of rural areas and rural communities.

In November, the Commission presented [measures](#) to make the EU more attractive to talent from outside, and to make mobility within it easier. One of the core

initiatives is a proposal to establish an EU Talent Pool. This will be the first EU-wide job-matching platform, aiming to facilitate international recruitment for occupations with shortages, at all skill levels. A set of recommendations accompanying the initiative will simplify and speed up the recognition of skills and qualifications acquired outside the EU. By providing clear and transparent online information and guidance on immigration and recognition procedures, the EU Talent Pool will support employers and jobseekers in navigating the complex recruitment rules. It will make international recruitment easier, faster and more effective for all concerned. The EU Talent Pool will also help implement Talent Partnerships by providing a tool for effective job placements for participating non-EU nationals.

Support for workers

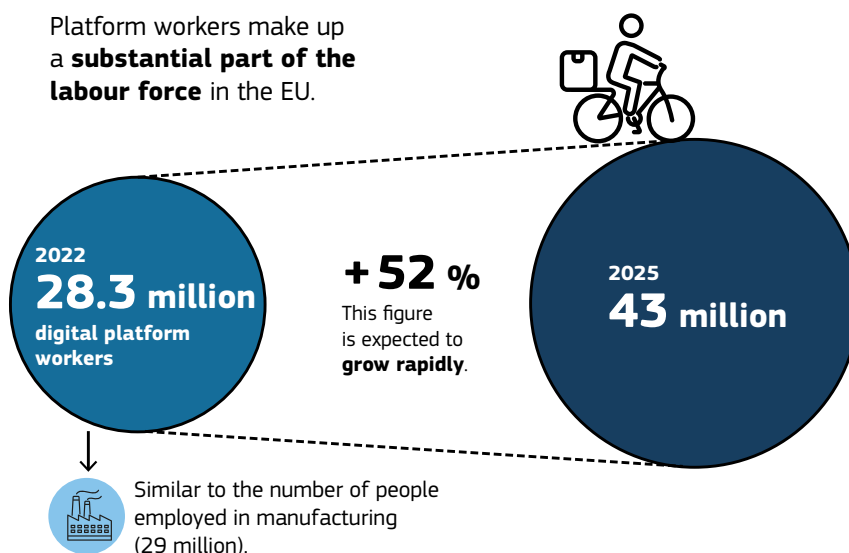
Improving conditions for platform workers

The European Parliament and the Council advanced in their negotiations on the proposed directive on improving the working conditions in platform work. The proposal aims to ensure that people working through digital labour platforms are granted the legal employment status that corresponds to their actual work arrangements, and that they can enjoy the labour rights and social benefits they are entitled

to. The directive also establishes new rules governing the use of automated systems in monitoring and decision-making on digital labour platforms. This promotes greater transparency and accountability in algorithmic management, empowering people to be aware of and challenge decisions affecting their working conditions.

How many platform workers are there?

Platform workers make up a **substantial part of the labour force** in the EU.



Peer learning for public administrations

In 2023, some 100 civil servants from 17 Member States took part in a new exchange project to prepare the next generation of policymakers in the EU. The Public Administration Cooperation and Exchange programme enables participants to learn from the working methods and cultures of other EU public administrations. It is financed under the Technical Support Instrument, the EU programme that provides tailor-made technical expertise to Member States to help them design and implement reforms.

Digital skills for health professionals

During the year, Estonia, Spain, Italy and Romania benefited from projects funded by the Technical Support Instrument to strengthen the digital competences of their healthcare professionals and ensure constant upskilling in the future. The projects support health authorities at the national and regional levels in developing digital skills plans and operational guidelines to facilitate the adoption and use of electronic health records.



Health and safety at work

In November, the Parliament and the Council provisionally agreed to lower the exposure limits for lead to a fifth of the current limit value. Lead can affect sexual function and fertility, and can harm the development of a foetus or the offspring of women exposed to it. They also supported the introduction of the first-ever exposure limit for chemicals called diisocyanates, which can cause respiratory diseases such as asthma. These changes, following a Commission proposal based on the latest scientific evidence, will be key in protecting workers in the transition to climate neutrality. Both lead and diisocyanates are likely to be used, for example, in the production of batteries, in processes to make electric vehicles lighter, in wind turbines or as insulating materials during building renovations.

The EU amended legislation to significantly lower the occupational exposure limit for asbestos. This marks an important step towards better protection of workers from asbestos, a highly dangerous, cancer-causing substance that is still present in many buildings. It is part of the EU's comprehensive approach to better protecting people and the environment from asbestos and ensuring an asbestos-free future.

Making life easier with digital social security coordination

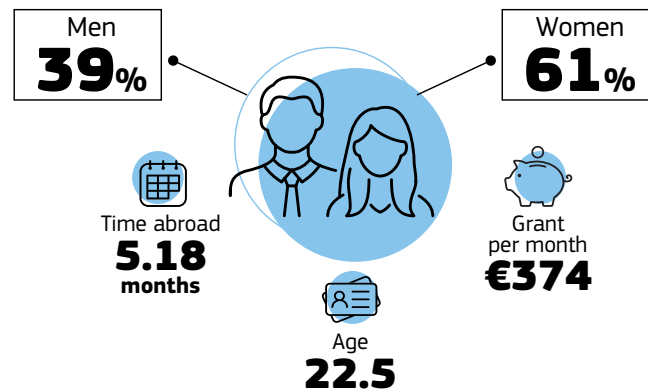
Practical steps were proposed to further digitalise the coordination of social security systems in Europe. Making full use of digital tools will improve the exchange of information between national social security institutions and speed up the recognition and granting of eligible benefits across borders. This will make it easier for EU residents to live, work and travel abroad, for companies to do business in other Member States and for national administrations to coordinate social security across borders (see Chapter 5).

Education, training and lifelong learning

Erasmus+

With almost 14 million participants to date, Erasmus+ is one of the most emblematic EU programmes, covering education, training, youth and sport. The Commission increased the 2023 budget for the programme to a total of €4.43 billion – its highest-ever annual financial allocation. This helped reinforce the Erasmus+ priorities on inclusion, active citizenship and democratic participation, and on the green and digital transitions in the EU and internationally. The revised work programme included €100 million to support learners and educational staff affected by Russia's war of aggression against Ukraine. The international dimension of Erasmus+ was strengthened, with a budget increase of €31 million to reinforce mobility projects and capacity building in higher education in support of international cooperation projects. In 2023, this also supported the creation of an open-education digital environment for students enrolled in Ukrainian higher education institutions, for those fleeing from Ukraine or for internally displaced students.

What was the profile of the average Erasmus+ higher education student in 2023?



The European Education Area

The European Education Area is an initiative to help Member States work together to build more-inclusive and more-resilient education and training systems. It aims to improve access to quality education and training, enable learners to move easily between education systems in different countries and help create a culture of lifelong learning. At the midterm point in building the European Education Area, the Council acknowledged the progress made and the need for continued efforts by Member States, the Commission and a wider stakeholder community to make it a reality by 2025.



Iliana Ivanova, European Commissioner for Innovation, Research, Culture, Education and Youth (right), during the European Education Area midterm review event, Brussels, Belgium, 10 October 2023. The high-level event reflected on progress towards achieving the European Education Area and the challenges ahead.

A dedicated [Citizens' Panel on Learning Mobility](#) (see also Chapter 9) generated 21 specific recommendations aimed at improving learning opportunities abroad for everyone in the EU. These were taken into account in the drafting of the Commission's proposal for a [Council recommendation](#) inviting Member States to make learning mobility within the EU an integral part of all education and training pathways.

Digital education

Digital skills are essential for people to participate in society and work, and for achieving social inclusion. The EU aims to improve the way people learn online and ensure that everyone has the digital skills they need, today and for the future.

With this in mind, in November the EU [adopted two recommendations](#) that aim to guide and support Member States in developing the people's digital skills and addressing the digital divide. The recommendations are part of the implementation of the [2021–2027 Digital Education Action Plan](#). In parallel, work on the 13 actions under the plan continues. For example, in June, a community of practice was launched to support the European Exchange Platform for higher education content and educational data, as part of the [Digital Education Hub](#). The Commission has also started a pilot project to explore the development of a [European Digital Skills Certificate](#), which would help people have their digital skills quickly and easily recognised across borders by employers and training providers. (For more information on digital skills, see Chapter 5.)

More-inclusive education systems

Thanks to the Technical Support Instrument, Spain, Italy and Portugal are making their education systems more inclusive for disadvantaged pupils through a multi-country project aimed at combating regional disparities. Funding under the instrument is also helping Ireland and Finland to develop roadmaps for upskilling teachers and promote quality and inclusive education, and supporting Romania in setting up and implementing a system to reduce the number of early school leavers.



↑
VIDEO Young Inventors Prize: accessible programming for visually impaired children.



Promoting books and reading

The first-ever Day of European Authors – a new initiative under the Creative Europe programme – was launched in March. Featuring over 1 000 events, it aimed to reconnect the younger generation with book reading and encourage people to discover the cultural and linguistic diversity of European literature.

Supporting research

Taking research and innovation as their starting point, five EU missions, supported primarily by Horizon Europe funding, are helping the Commission's work on the European Green Deal, on making Europe fit for the digital age and on Europe's Beating Cancer Plan. Each mission sets out ambitious, practical and measurable targets to deliver tangible outcomes for everyone in the EU. A progress assessment shows that the missions are on track to meet their ambitious goals by 2030.

To create a real and lasting impact, the missions mobilise a wide range of public and private actors – from Member States and regional and local authorities to research institutes, farmers, investors and associated partners from outside the EU. They also engage with citizens to boost the uptake of new solutions and approaches. In 2023, the preparatory phase was launched for a sixth mission on the New European Bauhaus. With a focus on innovation, this will aim to transform neighbourhoods across Europe for the better, making them beautiful, sustainable and inclusive by 2035.

As part of the Horizon Europe programme, the European Research Council helps to push the boundaries of knowledge across all fields of science and scholarship through its prestigious grant schemes. Grants from the council worth a total of €2 billion were awarded in 2023 to projects that were selected based on their scientific excellence.



↑
Ferenc Krausz (left) and Anne L'Huillier (right).



↑
VIDEO EU Mission on Cancer – Addressing the needs of Young Cancer Survivors.

The Marie Skłodowska-Curie Actions are the EU's flagship funding programme for doctoral education and the postdoctoral training of researchers. Throughout 2023, the programme supported almost 3 000 projects and 4 400 organisations, which were selected for funding in 2021 and 2022. The funding, amounting to over €1.6 billion, will train more than 15 000 doctoral candidates within and outside academia.



↑
Mariya Gabriel, then European Commissioner for Innovation, Research, Culture, Education and Youth, during an event on repowering the EU with Hydrogen Valleys, Brussels, Belgium, 1 March 2023. The Commission, together with the European hydrogen industry, the scientific community and EU regions, is committed to accelerating joint action on research into and the development, demonstration and deployment of Hydrogen Valleys.

Two EU-funded researchers were named as winners of the 2023 Nobel Prize in Physics. Ferenc Krausz and Anne L'Huillier have received grants worth almost €9.5 million from the European Research Council. They have also received support from other EU research programmes, including the Marie Skłodowska-Curie Actions. They won the prize, together with fellow physicist Pierre Agostini, 'for experimental methods that generate attosecond pulses of light for the study of electron dynamics in matter'.

In July, the Commission proposed a Council recommendation to establish a new European framework for research careers, a new charter for researchers and a European competence framework for researchers. The main goal of these initiatives is to retain researchers in Europe, make it an attractive destination for researchers from outside and promote research careers as an attractive option for young students and graduates.

The first winners of a new prize recognising academic and research organisations for driving the change towards gender equality in research and innovation were announced on International Women's Day (8 March). Three academic institutions from Ireland and one from Sweden took home the EU Award for Gender Equality Champions.

Stepping up measures for a Union of Equality

Gender equality

Even though the right to equal pay for equal work or work of equal value is one of the founding principles of the EU, women in the EU earn on average around 13 % less than men. While the gender pay gap is a complex issue, pay discrimination is considered a key contributory factor. New rules on pay transparency aim to strengthen the application of the principle and help close the gender pay gap. The Pay Transparency Directive gives workers the right to information on average pay levels for all those performing the same job or work of equal value, enabling workers to identify and challenge any pay discrimination based on sex.

The directive also gives workers the possibility to enforce their right to equal pay if they believe they are being discriminated against. For example, it will

ensure that victims of pay discrimination can be represented in court by relevant associations and bodies, such as equality bodies. It ensures better compensation for victims and stronger penalties for the infringement of rights. The new rules must be incorporated into national law by 7 June 2026.

The Commission continued its support for action to prevent and combat gender-based violence and violence against children through its Citizenship, Equality, Rights and Values programme. Thirteen projects were selected to receive funding of almost €30 million. Seven of the selected proposals focus on gender-based violence and domestic violence, five target violence against children and one covers both adults and children.



The EU's accession to the Istanbul Convention on Preventing and Combating Violence against Women and Domestic Violence in June was an important milestone. It demonstrates the EU's commitment to stepping up action against gender-based violence across the 27 Member States, and action in support of all victims of violence against women and domestic violence. The convention entered into force in the EU on 1 October 2023.

↑

From left to right: Věra Jourová, Vice-President of the European Commission in charge of Values and Transparency, Paulina Brandberg, Swedish Minister for Gender Equality and Deputy Minister for Employment, and Helena Dalli, European Commissioner for Equality, on behalf of the Presidency of the Council of the European Union, participate in the event marking the EU's accession to the Istanbul Convention, Brussels, Belgium, 19 June 2023.



VIDEO Challenging gender stereotypes.

Gender stereotypes are a root cause of gender inequalities. The ‘#EndGenderStereotypes’ campaign, launched in March, targets gender stereotypes that affect both men and women across all aspects of life, including work–life balance, career choices and opportunities for leadership positions. It aims to raise awareness about stereotypes in real-life situations and encourage people to question and address discriminatory practices.

Implementing the 2020–2025 LGBTIQ Equality Strategy

The 2023 *Progress report on the implementation of the LGBTIQ Equality Strategy 2020–2025* presents numerous lesbian, gay, bisexual, trans, intersex and queer (LGBTIQ)-related measures and shows that the majority of actions under the strategy have either been delivered or are being implemented. The report will inform discussions on what remains to be done for the successful implementation of the LGBTIQ Equality Strategy by 2025.

The Commission increased its funding under the Citizenship, Equality, Rights and Values programme to combat discrimination against LGBTIQ people and

promote LGBTIQ equality, with €3 million allocated to projects specifically benefiting the LGBTIQ community in 2023–2024.

The ‘Keep Your Eyes Open’ campaign was launched by the Commission in 2023 as an initiative under the *2020–2025 EU Strategy on Victims’ Rights* to raise awareness about the rights of victims of crime, including victims of anti-LGBTIQ hate crime. The campaign aims to encourage the friends and families of victims to offer help and support. The end goal is to ensure that the victims understand their rights and feel empowered to use them to seek justice.



Thousands unite against discrimination at the annual Kraków Equality March, Poland, 20 May 2023.



Promoting inclusion and diversity

Winners of the 2023 European Capitals of Inclusion and Diversity Awards

The annual European Capitals of Inclusion and Diversity Awards are part of the EU's work on combating racism and discrimination. The 2023 winners, spread across seven Member States, were celebrated for their work on building fairer societies by promoting diversity and inclusion in terms of gender, sexual orientation, racial and ethnic origin, religion and belief, ability and age.



**Terrassa
City Council,**
Spain



Brussels Region,
Belgium



**City of
Helsinki,**
Finland



**La Zarza
City Council,**
Spain



**Town of
Labin,**
Croatia



**Municipality
of Fundão,**
Portugal



**City of
Gdańsk,**
Poland



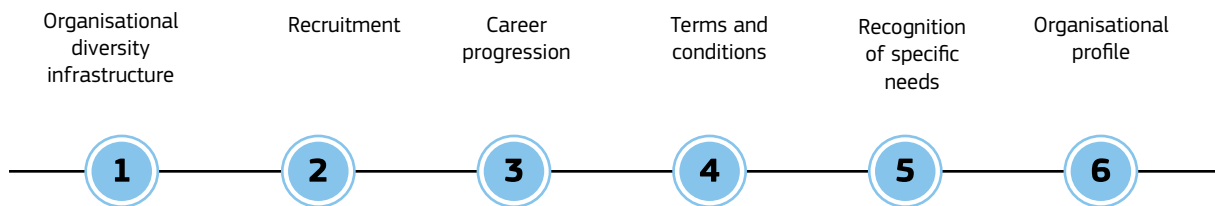
Catalonia,
Spain



**City of
Reggio Emilia,**
Italy

How well does your employer/organisation manage diversity?

The [EU Diversity Self-Assessment Tool](#), published in May during [European Diversity Month](#), allows employers in the public and private sectors and organisations both big and small to see how well they manage diversity across six categories.



Roma people are Europe's largest ethnic minority. Many Roma continue to experience discrimination and social exclusion. In January, the Commission issued a [stocktaking report](#) of national Roma strategies, assessed them against the commitments made by the Member States and provided guidance on areas that require improvement or more-significant effort. The Commission called on Member States to make the best use of EU funding instruments and to review their national frameworks to make them follow [the Council Recommendation](#) on Roma equality, inclusion and participation more closely.

In late 2023, there was a marked increase in hate speech and hate crime in Europe, particularly towards Jewish and Muslim communities. In December, the Commission published a communication titled '[No place for hate: A Europe united against hatred](#)', which brought together EU measures on the subject. This drew on key existing work strands, including the [EU Strategy on Combating Antisemitism and Fostering Jewish Life](#), and served as a call to action to all Europeans to stand up against hatred and speak up for tolerance and respect (see also Chapter 7).

2021–2030 Strategy for the Rights of Persons with Disabilities

A Union of equality can only be achieved when persons with disabilities enjoy their rights and can participate fully in society and the economy, like everyone else.

To ensure that persons with disabilities can enjoy equal access to benefits from discounts and other advantages across the EU, and can move freely between Member States, the Commission has [proposed](#):

- a new European Disability Card; and
- an improved European parking card for persons with disabilities.



The proposed European Disability Card aims to serve as recognised proof of disability across all Member States. It will grant cardholders equal access to the same special conditions and preferential treatment (e.g. free entry, reduced tariffs and priority access) granted to residents of the Member State they are visiting. This will apply to public transport, cultural events, museums, sports centres, etc. The card will complement existing national disability cards. The public consultation on the new card was made available through a number of alternative formats

to ensure accessibility. As a result, more than 2 500 persons with disabilities contributed to the initiative.

The proposed new parking card will guarantee the same rights to use parking spaces and facilities reserved for persons with disabilities as residents in the Member State concerned. It is intended to replace national parking cards.

The initiative is being negotiated by the Parliament and the Council.

Consumer protection

In 2023, the Commission, in collaboration with the authorities responsible for enforcing EU consumer protection laws (in the Consumer Protection Cooperation Network), continued to make significant strides in protecting consumers from unfair practices. Addressing the travel sector, the network played a crucial role in ensuring that consumers are treated fairly in the event of flight cancellations. In another significant development, Google engaged in a dialogue with the network in which it committed to giving consumers clearer and more accurate information to comply with EU rules.

Modernised rules will ensure that only safe products are offered to EU consumers, regardless of their origin and whether they are sold in traditional shops or online marketplaces. The new rules, which address the challenges of increasing digitalisation, new technological developments and globalised supply chains, entered into force in June and will apply in all Member States as of 13 December 2024.

New rules to protect consumers applying for credit (e.g. a loan to pay for a car) came into force in November. They aim to ensure that consumers know exactly what they are signing up for and that information is adapted to digital devices.

In addition, modernised rules on financial services contracts concluded at a distance (e.g. online or by post) entered into force in December. The legislation sets out clear rules concerning the information that needs to be provided to consumers before the conclusion of a contract. It also introduces the possibility for the consumer to withdraw from a contract through an easy-to-find 'withdrawal button' on the seller's website. The new rules, which will apply from the middle of 2026, also provide consumers with the possibility to contact a person in cases where a chatbot is not satisfactory.



Major travel agencies have committed to:



better informing consumers of their rights in case of flight cancellations;



expediting ticket refunds, with a maximum waiting time of 14 days for the consumer (a maximum of 7 days for airlines to refund travellers or the intermediary used to book the ticket and 7 days for the intermediary to process the reimbursement);



offering transparent contact details;



providing information on the specific benefits linked to their service packages;



explaining the implications of specific services on consumer rights in the case of flight disruptions.



7. Protecting people and freedoms

Introduction

In 2023, as COVID-19's status as a global health emergency was finally lifted, the final building blocks of the European health union were laid. In future, all European Union Member States will be better prepared to tackle a public health crisis together and better able to protect both the physical and the mental health of their citizens. The EU strengthened its response to the common challenge of migration in terms of legislation – with the political agreement between the European Parliament and the Council on the Pact on Migration and Asylum, along with operational measures – and comprehensive

partnerships with non-EU countries. 2023 was also the year that Croatia became the newest member of the Schengen area, and began to enjoy the full benefits of being part of the largest free-movement area in the world. The Council of the European Union also took the landmark decision to welcome Bulgaria and Romania into the Schengen area, starting with lifting controls at air and sea borders as of the end of March 2024. The EU also took comprehensive steps to protect its citizens from threats both inside and outside its borders.

Protecting citizens

The terrorist attacks in a school in France and on the streets of Brussels in October 2023 were a stark reminder of the urgency of continuing to adapt and reinforce the EU's security architecture. A number of measures were agreed over the course of the year to help combat organised crime, terrorism, trafficking in human beings, drug trafficking and corruption.

The Commission also urged the Member States to take the necessary steps to ensure full compliance with the [Regulation addressing the dissemination of terrorist content online](#), which obliges service providers to remove terrorist content within 1 hour of receiving a removal order from Member State authorities. A set of [recommendations](#) was published in October to coordinate the response of Member States to the spread and amplification of illegal content, such as terrorist content or unlawful hate speech, before it can lead to a serious threat to public security. (See Chapter 5 for more details.)

The EU is committed to stepping up action against all forms of hatred. Following an alarming increase in hate speech and hate crime, targeting the Jewish and Muslim communities in particular, the European Commission, together with the High Representative of the Union for Foreign Affairs and Security Policy, Josep Borrell, launched [a call for action](#) to all Europeans to stand up against hatred and speak up for tolerance and respect. With the joint communication, the EU is reinforcing action across policy areas such as security, digital, education, culture and sport. This includes additional funding

to protect places of worship, with envoys appointed to maximise the potential of EU policies to combat hatred.

The Commission also urged the Council to extend the current list of EU crimes set out in the treaties to include hate speech and hate crime, as [proposed in 2021](#), and reiterated the importance of intensifying the implementation of the [2021–2030 Strategy on Combating Antisemitism and Fostering Jewish Life](#).

People and businesses in the EU rely on critical infrastructure to deliver essential services. In an increasingly complex security and geopolitical landscape, the EU is taking action to reduce vulnerabilities and increase resilience in this area. The Commission has adopted a list of [essential services](#), linked to critical infrastructure, to be assessed by Member States. The Commission has also proposed a [Critical Infrastructure Blueprint](#) to strengthen coordination at the EU level to respond to significant cross-border incidents.

As part of a package of [measures](#) adopted on the [30th anniversary of EU citizenship](#), in December, the Commission proposed to amend rules to protect and support EU citizens abroad in times of crisis. The [revised Consular Protection Directive](#) aims to ensure better and easier protection for citizens when travelling outside the EU, if their country of nationality does not have a consulate or embassy where they are.

→

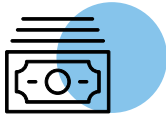
Ylva Johansson, European Commissioner for Home Affairs, answering journalists' questions at the Port of Antwerp in the light of the continued rise in the quantity of cocaine seized at the port, Belgium, 7 February 2023.



Stepping up the fight against drug trafficking

Drug trafficking is highly lucrative for criminals, as demonstrated by the unprecedented increase in the amount of illicit drugs available in Europe and the fact that drugs seizures in the EU are hitting record levels. The impact of criminal

networks engaged in illicit activities is felt throughout communities – and economies – and demands a collective, coordinated response from governments, law enforcement and private actors in key sectors.



The estimated **profit of organised crime** from illicit activities, including drug trafficking, is around **€139 billion** a year, which is equivalent to 1 % of the EU's gross domestic product.



50 % of all homicides in Europe are directly **linked to drug trafficking**.



70 % of all drug seizures in the EU take place **in ports**.



40 % of criminal networks active in the EU are involved in **trading illegal drugs**.



The European cocaine market **increased by 416 %** between 2011 and 2021.



There were **6 200 deaths** from drug overdoses in 2021 in the EU.

Source: *European Union Serious and Organised Crime Threat Assessment, 2021.*

To step up EU efforts to fight organised crime and drug trafficking, the Commission [set out a roadmap](#) in October with 17 targeted actions under four

priority areas. The measures build on the ongoing implementation of the 2021–2025 [EU Strategy on Organised Crime](#) and the [EU Drugs Strategy](#).

New EU roadmap to fight drug trafficking and organised crime

1

Increasing the resilience of ports against drug trafficking and criminal infiltration.

2

Dismantling high-risk criminal networks by means of more-coordinated investigations and the use of Schengen Information System alerts.

3

Measures to prevent organised crime through the exchange of best practices among Member States.

4

Working with international partners, including in West Africa, Latin America and the Caribbean.

In addition, the EU is strengthening the mandate of key actors in the fight against drug trafficking, for example by setting up the new EU Drugs Agency in 2024. The agency will develop a European drug alert system to quickly notify national authorities of new dangerous substances entering the market. The EU has also increased funding for the European Multidisciplinary Platform against Crime Threats, with significant results. Furthermore, it continues to invest in innovative solutions for law enforcement agencies to help them keep pace with technological change and maintain their effectiveness in protecting citizens today and in the future.

Corruption constitutes a threat to security, as it enables and drives organised crime, terrorism and other forms of crime, including money laundering and drug trafficking. In 2023, the Commission

proposed new legislation to combat corruption and launched an EU network against corruption. In addition, new rules on access to financial information, agreed by the European Parliament and the Council in June, will provide law enforcement authorities with quick access to information on the accounts where criminals and terrorists keep or hide their funds or assets.

In the same month, the EU adopted new rules to make it easier and faster for law enforcement and judicial authorities to obtain the electronic evidence they need to investigate and prosecute criminals. This means a judicial authority in one Member State will be able to obtain electronic evidence from a service provider (such as a telecom or social media company) or its legal representative in another.



85 % of criminal investigations involve digital data.



A cross-border request to obtain e-evidence is made in **over 50 %** of all criminal investigations.



The average time required to obtain electronic evidence was **10 months** for mutual legal assistance procedures and **120 days** for European Investigation Orders.

The new rules (effective as of 2026) will bring the time required to obtain electronic evidence down to just 10 days, and in cases of emergency to less than 8 hours.

Advancing towards a new migration policy

The New Pact on Migration and Asylum is designed to manage and normalise migration over the long term, providing certainty and decent conditions for people arriving in the EU. It also seeks to establish a common EU approach to migration and asylum, based on solidarity, responsibility and respect for human rights.

In December, the Parliament and the Council reached an agreement on five key proposals of the pact. Once these proposals are formally adopted, the pact will be in place, creating a legal framework that balances solidarity and responsibility between the Member States for an effective and fair approach to managing migration.

New Pact on Migration and Asylum: key proposals agreed in 2023



Asylum Migration Management Regulation

Establishes a new solidarity mechanism to balance the current system in which a few Member States are responsible for the vast majority of asylum applications, and sets out clear rules on responsibility for asylum applications.



Asylum Procedures Regulation

Addresses the common procedure Member States have to follow when people seek international protection, making asylum, return and border procedures quicker and more effective.



Crisis Regulation

Aims to ensure that the EU is prepared in the future to face situations of crisis, including the instrumentalisation of migrants.



Eurodac Regulation

Puts in place a common database gathering together more accurate and complete data.



Screening Regulation

Creates uniform rules concerning the identification of non-EU nationals upon their arrival, thus increasing security within the Schengen area.

In parallel, operational measures have been stepped up to support Member States along the main migratory routes to Europe. In 2023, the Commission presented action plans on the Eastern Mediterranean and the Western Mediterranean and Atlantic routes, with practical measures targeting relevant countries of origin and transit. These complement the action plans for the Western Balkans and Central Mediterranean routes, presented in 2022. Measures undertaken by the EU, Member States and international partners have contributed to managing the number of irregular arrivals.

For the 2021–2027 period, the Commission has allocated €11.5 billion to the Member States and the Schengen-associated countries for programmes to tackle challenges in migration, border management and security.

The European Contact Group on Search and Rescue has been relaunched to promote closer coordination and best practices, notably among vessel flag states and coastal states. In addition, 19 Member States and the four Schengen-associated countries (Iceland, Liechtenstein, Norway and Switzerland) have committed to implementing a Voluntary Solidarity Mechanism designed to support those Member States most affected by migratory challenges. The EU has also continued to monitor the migratory situation through the EU Mechanism for Preparedness and Management of Crises Related to Migration, in order to strengthen the joint response.

Following an increase in arrivals from North Africa on the Italian island of Lampedusa in September, the EU set out a 10-point plan involving practical measures to reduce irregular migration and provide immediate assistance to the Italian authorities.



↑
Ursula von der Leyen, President of the European Commission (third from left), Giorgia Meloni, Prime Minister of Italy (foreground, third from right), and Matteo Piantedosi, Italian Minister for the Interior (foreground, second from right), during their visit to the migrant hotspot on the island of Lampedusa, Italy, 17 September 2023.

Tackling irregular migration

Fighting migrant smuggling

The fight against and the prevention of migrant smuggling and trafficking in human beings are two of the EU's priorities, and they are crucial to addressing irregular migration in a comprehensive way. Migrant-smuggling networks know how to exploit legal loopholes and are using new methods of recruitment, such as social media and mobile applications. This development, known as digital smuggling, is a new challenge for law enforcement and judicial authorities. Migrant smuggling and trafficking in human beings are often interlinked: smuggling networks can exploit migrants along the routes or smuggle them for the purpose of being exploited once in Europe.

Operational task forces supported by the [European Union Agency for Law Enforcement Cooperation](#) and joint investigation teams under the [European Union Agency for Criminal Justice Cooperation](#) are reinforcing efforts to tackle migrant-smuggling networks. An operational task force was created, for example, as part of the follow-up by Italy to the 10-point plan for Lampedusa. The [European Union Agency for Law Enforcement Training](#) is also contributing to efforts to combat criminal organisations.

In line with the [2021–2025 EU Action Plan against Migrant Smuggling](#), an Anti-Smuggling Operational Partnership was launched with Tunisia, building on partnerships concluded in 2022 with Morocco, Niger and the Western Balkans.

The use of commercial means of transport, mainly by air, to facilitate irregular migration to the EU has gradually emerged as a new modus operandi of smuggling networks. To address this, in June the Commission adopted a [toolbox](#) of measures to support Member States, including through targeted outreach to transport operators.

In November, the Commission [proposed an update](#) to the EU's 20-year-old legislative framework to counter migrant smuggling. This included a [proposal laying down minimum rules](#) to prevent and counter the facilitation of unauthorised entry, transit and stay in the EU, with tougher penalties for smugglers. New rules would reinforce the role of EU agencies, in particular the European Union Agency for Law Enforcement Cooperation, and intensify cooperation with partner countries to tackle the issue globally. The EU also launched a [Call to Action for a Global Alliance to Counter Migrant Smuggling](#).



90 % of irregular migrants are brought in by smugglers.



15 000 smugglers were reported by Europol in 2022.



There were **331 000** irregular entries at the EU's external borders in 2022.

Emerging challenges

A coordinated visa policy is part of efficient migration management. The EU has visa-free arrangements with more than 60 countries, bringing many benefits to citizens on both sides, and also to Member States and partner countries. However, visa-free travel also presents migratory and security challenges. For example, insufficient alignment with EU visa policy can turn a visa-free country into a transit hub for irregular entry into the EU. Additionally, investor citizenship schemes operated by visa-free countries outside the EU pose security risks.

In response, the Commission has proposed a revision of the current Visa Suspension Mechanism. The proposal introduces new grounds to suspend visa-free regimes, more flexible thresholds to trigger the mechanism and provisions to strengthen monitoring and reporting obligations.

In October, the Commission also presented the sixth report to the Parliament under the Visa Suspension Mechanism. The report covers developments in the visa-free countries in the Western Balkans and the Eastern Partnership. It also focuses on countries in the Pacific and Caribbean that run investor citizenship schemes.

Strengthening border management

The first-ever European Border Management Strategy was presented in March. It provides a coordinated framework for national authorities and for the more than 120 000 national border authority and European Border and Coast Guard Agency employees who work together to protect the EU's borders. The shared vision follows an extensive period of consultation between the institutions. The strategy also reduces dependency on critical technologies from non-EU countries by exploiting the results of EU research and innovation on border management.

The Commission took further steps in building the common EU system for managing the return of irregular migrants, including through a Recommendation on Mutual Recognition of Return Decisions and Expediting Returns. The EU's Return Coordinator, supported by representatives of the Member States and the European Border and Coast Guard Agency, finalised the operational strategy guiding the work of the High-Level Network for Returns and began its implementation. The Commission is already working together with Member States on targeted return actions. The Member States reported an increase of 9 % in return decisions issued to non-EU nationals between January and September 2023, compared to the same period the year before.

Safe and legal pathways to Europe

Labour and skill shortages persist across the EU in a range of sectors and at various skill levels. The EU's drive to fill shortages starts at home, by tapping the potential of the EU's domestic workforce. However, to fully address this challenge and the impacts of demographic change, the EU also needs to do more to attract skills and talent from all around the world.

The implementation of the skills and talent package adopted in April 2022 is helping to make the EU's labour market more attractive to talent from abroad. The measures included legislative proposals to simplify application procedures for and enhance the rights of non-EU nationals who want to work in the EU. Negotiations are progressing well, with a political agreement between the Parliament and the Council reached in December 2023 on the revision of the Single Permit Directive, and an agreement on an update to the Long-Term Residents Directive expected before the end of the current Commission's mandate.



In November, the Commission presented a [talent mobility package](#) with additional measures on talent attraction. In particular, it proposed the creation of an EU Talent Pool, the first EU-wide platform for matching non-EU citizens wanting to come and work in the EU with employers in the Member States. The

package also includes measures on recognising the qualifications of non-EU nationals and facilitating learning mobility. The EU is also developing talent partnerships with key partner countries to establish mutually beneficial cooperation on mobility and skills development. (See also Chapter 5.)

The Schengen area

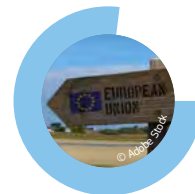
In the first enlargement of the [Schengen area](#) in over a decade, Croatia became the 27th country to join the border-free travel space on 1 January 2023. In addition to 23 Member States, Iceland, Liechtenstein, Norway and Switzerland are also Schengen members. In December, the Council unanimously [decided](#) to welcome Bulgaria and Romania into the Schengen area, starting with lifting controls at air and sea borders as of the end of March 2024. Their accession will boost travel, trade and tourism, and will further consolidate the Single Market. Discussions on a further decision to lift controls at land borders will continue in 2024. An enlarged Schengen area will make the EU stronger as a Union, as set out in the '[State of Schengen Report 2023](#)'.

A renewed [Schengen Information System](#) entered into operation in 2023. It provides Member States with additional possibilities to support cross-border cooperation and information exchange within the Schengen area. After intensive preparations by the Cypriot authorities to ensure their readiness to process Schengen Information System data, Cyprus joined the system in July.

Today, visa procedures for the Schengen area still rely heavily on paperwork, leading to higher costs for both travellers and the participating states. In 2023, the EU [adopted new rules](#) allowing for the digitalisation of the procedures, a key deliverable under the [Schengen Strategy](#) presented by the Commission in June 2021.



80 % of people in the EU think it is important to improve border security.



77 % would like to see accelerated border procedures.



68 % are in favour of digital travel documents and **72 %** agree that the voluntary use of digital travel credentials will accelerate travel procedures.

Source: [Special Eurobarometer 536](#), September 2023.

Protecting passengers' rights

New EU rules for rail passenger protection took effect in June. Rail passengers are now better protected if their travel is disrupted, and railway companies must ensure a trouble-free travel experience for passengers with reduced mobility. The obligation for rail companies to share real-time traffic and travel data also paves the way for more-competitive ticket offers.

The Commission also proposed to further strengthen existing passenger rights in relation to all modes of transport. The proposal focuses on improving the enforcement of passenger rights (both general enforcement and individual redress), the rights of passengers using multiple modes of transport and reimbursement for air tickets bought via intermediaries.

Better health

Europe's Beating Cancer Plan

Europe's Beating Cancer Plan is the EU's most comprehensive ever initiative on tackling cancer, the number one cause of death among EU residents under 65, with a budget of €4 billion to support action.

Since its launch in 2021, the EU has already delivered on several of the plan's flagship initiatives. From a new [Knowledge Centre on Cancer](#) and the first-ever [European Cancer Inequalities Registry](#) to the launch of a [European Network of Youth Cancer Survivors](#) and [new measures on early detection](#), the EU is working to change the realities of cancer for patients and their families.

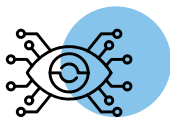
In 2023, the EU continued to deliver. The [European Cancer Imaging Initiative](#), launched in January, aims to facilitate access to and the use of medical images and digital technologies (such as artificial intelligence) to better detect and address cancer.



↑ VIDEO On World Cancer Day, European Commissioners share a little piece of their personal lives to raise cancer awareness.

In September, the initiative reached its first major milestone with the [launch](#) of the [Cancer Image Europe platform](#). This links up 36 datasets of images of nine cancer types (breast, colon, lung, prostate, rectum, liver, diffuse intrinsic pontine glioma, neuroblastoma and glioblastoma), bringing together more than 200 000 image series involving about 20 000 individuals.

The European Cancer Imaging Initiative will:



capitalise on the recent advances by and successes of **artificial intelligence systems** in helping medical professionals **detect and diagnose cancers**



support the piloting and development of **innovative computer-aided solutions** to achieve **greater accuracy and reliability in cancer imaging and personalised care**, in line with the objectives of Europe's Beating Cancer Plan



showcase how medical images can be accessed, used and pooled while ensuring **a high level of ethics, trust, security and personal data protection**, in full compliance with EU values and rules

The first set of Country Cancer Profiles for the Member States, Iceland and Norway shows that they spend a substantial amount on cancer care (nearly €170 billion in 2018). Lung cancer remains by far

the most common cause of death from cancer, and large inequalities remain in cancer mortality rates both between and within countries.



Cancer is the second leading cause of death in the EU, accounting for **26 %** of all deaths.



Cancer mortality is almost **75 %** higher among men in the EU.



50 % more people from lower-income groups than from higher-income groups smoke every day.

Participation in cervical cancer screening varies by almost a factor of two depending on the level of education.



In 2018, the Member States, Iceland and Norway spent nearly **€170 billion** on cancer care.

Due to COVID-19, cancer screening in most Member States dropped in 2020 compared to 2019.

The Commission has launched a series of dialogues with young cancer survivors to better understand their needs and challenges, and to develop with them initiatives that will help address these points.

Work started in April on developing the first EU-level code of conduct on fair access to financial services for cancer survivors. This aims to advance the right to be forgotten and to address discrimination, so that people with a history of cancer receive fair treatment when accessing financial products such as mortgages or life insurance.

As many as 78 % of occupational cancers recognised in the Member States are related to asbestos.

(See Chapter 6 for EU measures aiming to lower occupational exposure to asbestos.)

The EU is working towards:

40 % of cancer cases are preventable.



← Margaritis Schinas, Vice-President of the European Commission in charge of Promoting our European Way of Life, during the inauguration ceremony of the Cyprus Cancer Research Institute's Nicola David-Pinedo building, Nicosia, Cyprus, 22 May 2023.

Health security and COVID-19

After more than 3 years, on 5 May 2023 the World Health Organization announced that COVID-19 no longer constituted a global health emergency. Determined action and cooperation at the global, EU and Member-State levels, and significant investment in science and innovation, enabled the EU to overcome this unprecedented crisis.

However, while its status may have changed, COVID-19 has not disappeared, and the EU is remaining vigilant. The European Centre for Disease Prevention and Control is monitoring the evolving situation closely. In autumn, it published an update on the increased transmission of COVID-19 in the EU and the European Economic Area, along with guidance on vaccination and communication campaigns for Member States. A new surveillance tool was launched by the centre and the World Health Organization in October to monitor the combined impact of respiratory diseases and improve the early detection and communication of signs of respiratory virus circulation.

In response to the COVID-19 pandemic, the Commission set up the European health union to improve and safeguard the health of everyone in the EU. Based on the lessons learned from the pandemic, the new framework strengthens the EU architecture for the prevention of, preparedness for and response to serious cross-border health threats. It also extends the role of two key EU agencies through the new mandates for the European Centre for Disease Prevention and Control and the European Medicines Agency.

The Commission's Health Emergency Preparedness and Response Authority (HERA) plays a crucial role in ensuring the EU has the medicines and equipment needed to protect its citizens when emergencies strike. The Commission, on behalf of the Member States, secured an agreement with BioNTech-Pfizer in May to better adapt vaccine deliveries to Member States' needs and ensure the availability of adapted COVID-19 vaccines should new variants emerge. A framework contract was also signed with leading vaccine producers, establishing the EU FAB network to ensure continuous capacity to produce vaccines in the case of a future public health emergency. HERA Invest, launched in 2023, will support research and development for the most pressing cross-border health threats. HERA is also working with Member States to improve knowledge and skills in health preparedness and response, particularly in key areas such as stockpiling and procurement.

Efforts continue on strengthening Europe's pandemic preparedness and readiness for EU-wide clinical trials, in order to provide timely access to novel treatments and vaccines. The EU is a strong supporter of the Pandemic Fund, hosted by the World Bank. The fund supports the prevention of, preparedness for and response to pandemics in low- and middle-income countries, with the EU, its Member States and financial institutions, acting together as Team Europe, being major contributors.



Stella Kyriakides, European Commissioner for Health and Food Safety (second from right), during a visit to the Biovac plant and the mRNA technology transfer hub in Cape Town, South Africa, 28 January 2023.



The EU Digital COVID Certificate – a European success story

The pandemic has shown how digital health can transform healthcare systems and deliver better healthcare.

The [EU Digital COVID Certificate](#) was a crucial element in the response to the pandemic, making it easier for people to move safely around the EU during the crisis. It quickly became the global standard, with almost 80 countries connected to the system and more than 2.3 billion certificates issued. The EU Digital COVID Certificate Regulation expired on 30 June 2023.

Building on its success, and based on its technology, on 1 July 2023 the World Health Organization launched the [Global Digital Health Certification Network](#). The system will strengthen the global health architecture and help protect people across the world from ongoing and future health threats, including pandemics.

Overhauling the EU's medicine systems

The proposed [reform of the EU's pharmaceutical legislation](#) – the largest and most far-reaching in 20 years – aims to ensure this crucial sector is better adapted to 21st century needs.

Presented in April, the reform addresses several fundamental challenges. For example, medicines are still not reaching patients quickly enough and are not always equally available in Member States. High prices for innovative treatments and shortages of medicines are also significant concerns for patients and healthcare providers.

A central objective of the reform is to create a single market for medicines, ensuring all patients across the EU have timely and equitable access to safe, effective and affordable medicines. The revision will also support innovation in medicine development and boost the EU's competitiveness through a future-proof, crisis-resistant and simplified pharmaceutical

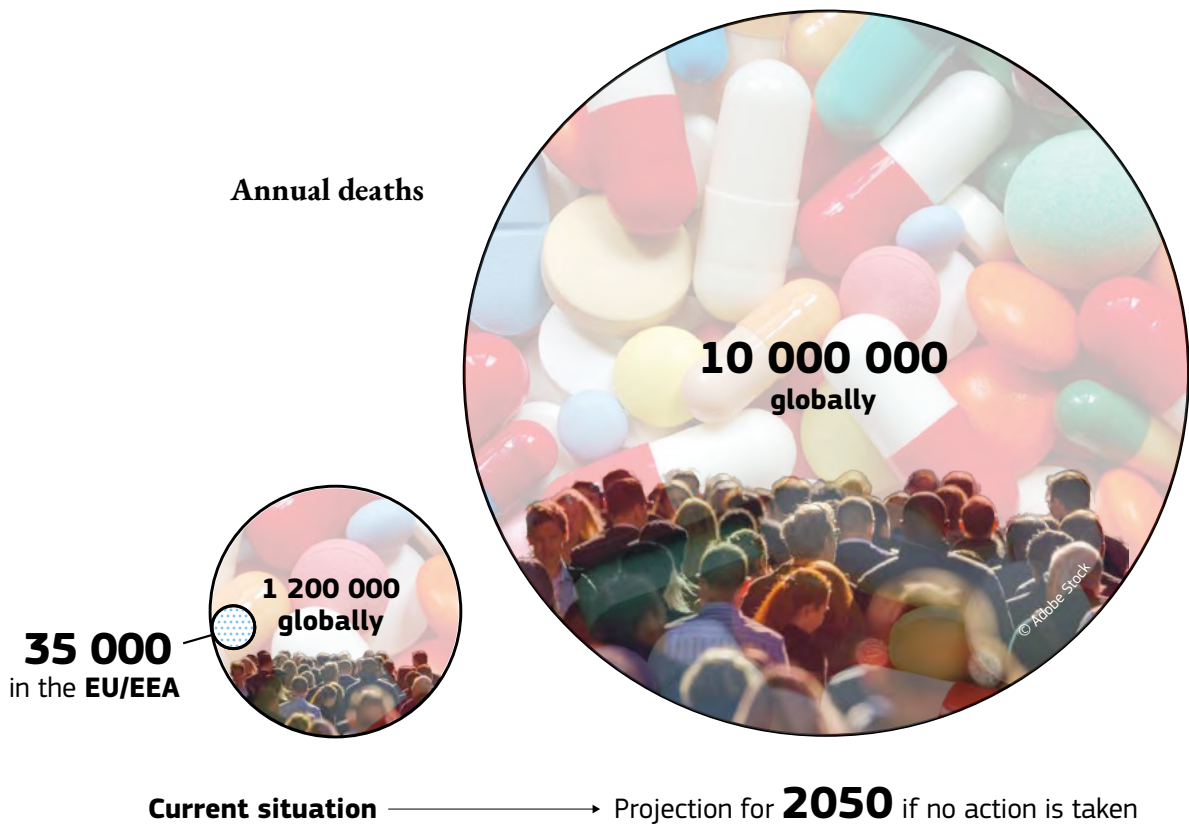
system. This means new and better treatments could become available faster, helping patients get the care they need sooner.

The reform includes a set of measures to tackle the issue of medicine shortages in the long term, and outside of crisis situations. As part of this goal, in October the Commission [presented](#) a set of measures with a particular focus on the most critical medicines, for which security of supply in the EU must be ensured at all times. A [European Voluntary Solidarity Mechanism](#) for medicines, which enables Member States to redistribute medicines from their available stocks in the case of critical shortages elsewhere in the EU, was also launched. A range of new rules and incentives for pharmaceutical companies will be proposed as part of the reform, along with simplified regulatory procedures and stronger environmental considerations during medicine production.

Antimicrobial resistance is considered one of the top-three health threats in the EU. It happens when bacteria become resistant to the medicines used to fight infections. The reform includes prudent-use measures and a new incentive for game-changing

antimicrobials. A recommendation proposed by the Commission, including EU and national targets on the consumption of antimicrobials, was swiftly adopted by the Council as part of the EU toolkit on antimicrobial resistance.

Antimicrobial resistance



2030 target

to reduce the use of antibiotics



Tackling mental health

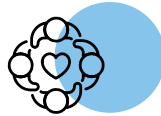
The EU has been confronted by unprecedented crises that have significantly affected people's ability to cope with growing challenges in fast-changing contexts. To tackle this, in June the Commission presented a [comprehensive approach to mental health](#), which seeks, among other aims, to help vulnerable groups, especially young people, and to

break the stigma and discrimination surrounding mental health. It is an important first step in putting mental health on an even footing with physical health. The new approach introduces 20 flagship initiatives and identifies €1.2 billion in funding opportunities from various financial programmes to support Member States in putting people and their mental health first.

Measures to tackle mental health issues across policies



European Code for Mental Health



Healthier Together initiative for non-communicable diseases



European depression and suicide prevention initiative



Safer digital spaces for children and young people



Proper application of EU rules on safety and health at work



European Agency for Safety and Health at Work workplace campaigns

To mark World Mental Health Day on 10 October 2023, the Commission held a high-level conference in Brussels. The event brought together hundreds of people, including representatives of the EU institutions, national governments, international organisations and other interested partners.

→ Mathilde, Queen of the Belgians, gives a keynote speech at the World Mental Health Day conference, Brussels, Belgium, 10 October 2023.



Unleashing the potential of EU funds in the health sector

The Commission's Technical Support Instrument is helping Belgium, Austria and Slovenia make the best use of available EU funding programmes to develop their healthcare sectors. Through the [health hub](#), these Member States can identify the best funding opportunities to support key reforms for the benefit of citizens. In the long run, this will also help national and regional governments to underpin economic investment in the health sector. Building on its promising results, this project can be scaled up to the EU level.

The Global Health Strategy

The EU's leading role in fighting the COVID-19 pandemic has shown that it can make a major contribution to global health objectives through a Team Europe approach. This combines resources from the EU, its Member States and its financial institutions to deliver a greater impact on the ground.

In November 2022, the Commission presented a [Global Health Strategy](#), the external dimension of the European health union and a key component of its [Global Gateway](#) strategy (see Chapter 8).

This reaffirms the commitment to the Sustainable Development Goals (in particular goal number 3 on good health and well-being) and the [European Consensus on Development](#), which sets out common objectives and principles for development.

A joint action coordinated by France was launched in November 2023, involving 22 Member States, Norway and Ukraine, mapping all global health strategies. This will help to coordinate actions and avoid overlaps.



↑

From left to right: Werner Hoyer, President of the European Investment Bank, Bill Gates, former Chief Executive Officer of Microsoft, Ursula von der Leyen, President of the European Commission, Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization, and Catherine Russell, Executive Director of UNICEF, at the launch of a new partnership to eradicate polio, support the distribution of other childhood immunisations and strengthen health systems so they are better able to respond to emerging health threats, Brussels, Belgium, 11 October 2023.



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8. Promoting European interests and values in the world

Introduction

The European Union is committed to addressing global challenges, promoting its interests and values and pushing for democracy, human rights and multilateralism on the world stage. This commitment extends to several important areas, including cooperation on security and defence, neighbourhood policy, international partnerships, trade, humanitarian aid and civil protection.

The EU continued to work closely with global partners in 2023 to ensure stability in the context of increased geopolitical tensions, notably due to Russia's military aggression against Ukraine and the Israel–Hamas war. It maintained its focus on important relations

↑

EU humanitarian aid is supporting the World Food Programme in reaching 1.3 million people in the Gaza Strip, with emergency food rations distributed to displaced people in shelters and informal camps. Deir El Balah, Gaza Strip, January 2024.

with neighbouring regions that aspire to democratic values and economic development, and on forging partnerships that promote shared values and sustainable development.

Through sound disaster preparedness at home and abroad, the EU continued to protect lives, prevent disasters and act quickly when crises occurred. These ongoing efforts underscore the EU's unwavering commitment to promoting peace, stability and resilience on a global scale.

The Middle East crisis

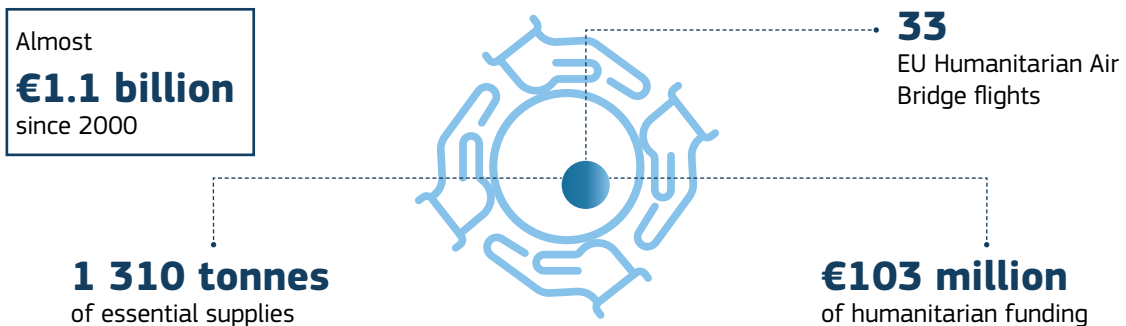
The brutal and indiscriminate terrorist attacks by Hamas across Israel on 7 October 2023 have led to a drastic deterioration in the humanitarian situation of Palestinians in the Gaza Strip and have increased the risk of escalation in the region.

Emphasising that there is no justification for terror, the EU has condemned Hamas in the strongest possible terms for the terrorist attacks and has called for the release of all hostages without preconditions. While recognising Israel's right to defend itself under international law, the EU has

reiterated the importance of always ensuring the protection of all civilians in line with international humanitarian law.

Gravely concerned by the deteriorating humanitarian situation in the Gaza Strip, the EU has called for continued, rapid, safe and unhindered humanitarian access, and for aid to reach those in need through all necessary measures, including humanitarian corridors and pauses for humanitarian needs.

EU humanitarian support for Palestinians in 2023



The EU is the largest humanitarian donor to the Palestinian people. Overall, since 2000, it has provided more than €1 billion to help meet their basic needs. Since October, the EU has quadrupled its [emergency aid to Palestinians](#) and has been working with a large number of humanitarian partners on the ground.

The EU has been working constantly with regional and international partners to prevent the regional escalation of the conflict, including a deterioration in the situation in the West Bank. It remains committed to a lasting and sustainable peace based on the two-state solution and the relevant resolutions of the UN Security Council.



Water distribution by Action Against Hunger in the Gaza Strip, providing essential relief to those affected by the ongoing conflict, Deir Al Balah, 14 November 2023.

Security and defence: progress on the Strategic Compass

The EU wants to ensure the security of its residents and help make the world a more peaceful place. The Strategic Compass for Security and Defence is a plan to strengthen the EU's security and defence by 2030. It covers all the aspects of the Security and Defence Policy and is structured around four pillars: partner, act, invest and secure.

Cooperation with NATO ('partner', 'act')

Today's security challenges are inherently transnational, demanding that no country tackle them alone. A collective and strategic approach is essential. Central to this global strategy is the EU's long-standing partnership with NATO, which is a vital component of its security and defence efforts.



↑
Ursula von der Leyen, President of the European Commission, signing the third Joint Declaration on EU-NATO Cooperation, Brussels, Belgium, 10 January 2023.

In a powerful political message of transatlantic unity, the Joint Declaration on EU-NATO Cooperation emphasised the need for a strong European defence approach that serves global security and is compatible with NATO. The signatories also clearly committed to deepening this cooperation.

In 2023, EU-NATO cooperation reached an unprecedented level and recorded tangible results across all areas, focusing in particular on resilience. The EU-NATO Task Force on the Resilience of Critical Infrastructure was launched in January, and put forward specific recommendations for further cooperation.

→
From left to right: Charles Michel, President of the European Council, Jens Stoltenberg, Secretary General of NATO, Josep Borrell, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission in charge of a Stronger Europe in the World, during a European summit of the leaders of the EU Member States to discuss Russia's war of aggression against Ukraine and EU aid to the country, Brussels, Belgium, 29 June 2023.



Russia's war of aggression reaffirmed the shared values of the EU and NATO. Together, they have been standing in unwavering solidarity with Ukraine, and are coordinating their respective means of support. The European Peace Facility (see Chapter 1) has become an integral part of the EU's support for partners globally.

During the year, the EU also stepped up its cooperation with other bilateral, regional and multilateral partners, including the UN, the Organisation for Security and Cooperation in Europe, the African Union, the Association of South-East Asian Nations and many others. The first Schuman Security and Defence Forum brought together EU and international partners to address common security challenges.

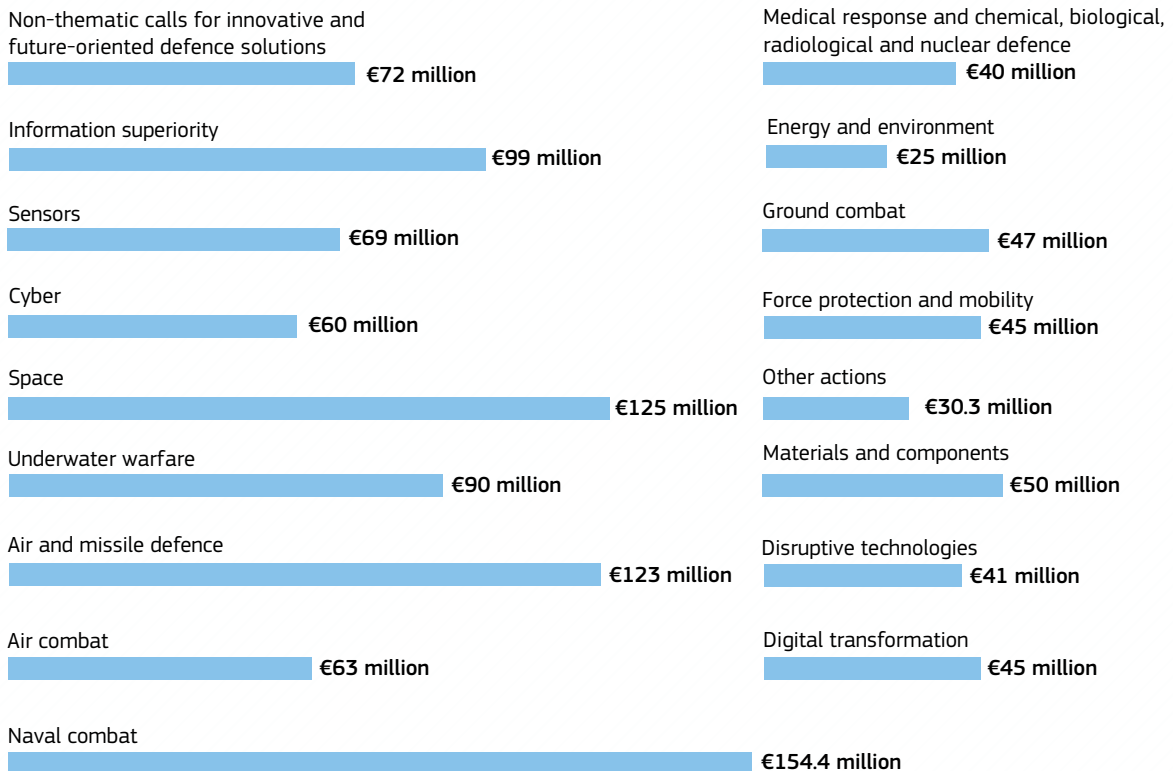
Building defence capabilities ('invest')

2023 saw the enactment of two key initiatives aimed at strengthening EU defence and industry. The Act in Support of Ammunition Production, backed by a €500 million budget, aims to increase the EU's ammunition and missile production. Complementing this, the European Defence Industry Reinforcement through Common Procurement Act, with a budget of €300 million, will incentivise EU Member States, for the first time ever, to jointly purchase the most critical defence products from the EU defence industry.

European Defence Fund

2023 annual budget by category of action

€1.2 billion



The [European Defence Fund](#) is a key supporter of defence research and development in the EU. It has provided over €3 billion for 60 collaborative projects across the Member States since 2021. In 2023 alone, the fund allocated [€1.2 billion](#) to vital defence areas such as space situational awareness, countering hypersonic missiles and developing a European patrol corvette. The European Defence Fund supports innovation in the defence sector via the [EU Defence Innovation Scheme](#), a €2 billion scheme to help smaller players and innovators in particular.

Under the military mobility envelope of the Connecting Europe Facility, €616 million was awarded in 2023 to support the transport of troops and equipment across the Trans-European Transport Network. The aim is to support investment in infrastructure that can be used for both civil and defence purposes.

New security strategies ('secure')

Recent crises and rising tensions have revealed weaknesses in the EU's security. In response, in October, the Commission launched a comprehensive consultation to inform the future [European Defence Industrial Strategy](#).

The warming planet is also a growing concern for the EU's military operations. It is prompting a pivotal [shift](#) in EU defence policy, with climate change now at the forefront of its security agenda.

In addition, in 2023, the EU adopted its first [Space Strategy for Security and Defence](#). This strategy focuses on, among other things, protecting the space assets of the EU and its Member States. Looking ahead, the EU space law is set for introduction in 2024, with the objective of improving the EU's resilience and strength in space.

More than 80 % of global trade is transported by sea, and about two thirds of the world's oil and gas are either extracted at or transported by sea. Almost all global data, including internet data, flow through undersea cables. The EU's prosperity and security depend on safe and secure oceans. This is why the Commission and the European External Action Service adopted an updated EU Maritime Security Strategy and Action Plan in March. On the basis of these documents, the Council approved the [revised EU Maritime Security Strategy and Action Plan](#) in October. The strategy is aligned with the Strategic Compass and will contribute to achieving its objectives.



→ [VIDEO](#) 'A wake-up call': how to protect the EU's vital marine infrastructure from emerging threats.



EU Maritime Security Strategy

Main objectives



Protecting EU interests at sea – citizens, economy, infrastructure and borders



Protecting our natural resources and the marine environment



Upholding international law, particularly the United Nations Convention on the Law of the Sea



Reacting promptly and effectively to growing threats (e.g. cyber and hybrid threats)



Ensuring relevant training and education to counter threats (e.g. cyber skills)

Neighbourhood policy and enlargement negotiations

Western Balkans and Türkiye

The EU remains committed to integrating the Western Balkans into the Union. The [2023 enlargement package](#) provided a detailed assessment of the state of play and the progress made by the partners on their respective paths towards the EU. It mainly focused on the fundamental reforms required, including on the rule of law, public administration, the functioning of democratic institutions and economic criteria.

During the year, North Macedonia and Albania made smooth progress in the screening process – a primary step for accession negotiations. The Commission's

recommendation and the European Council's decision to open accession negotiations with Bosnia and Herzegovina, once it meets the required membership criteria, recognise the country's progress since it became a candidate in 2022. Montenegro's and Serbia's accession talks with the EU continued, supported by ongoing dialogues with the Commission at the political and technical levels. In April, the European Parliament officially approved visa liberalisation for Kosovo (this designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence), which entered into force on 1 January 2024.

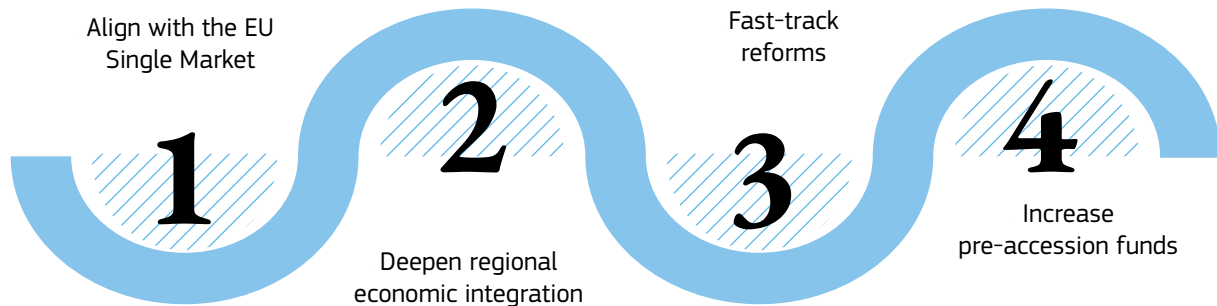
→ On 6 October 2023, Olivér Várhelyi, European Commissioner for Neighbourhood and Enlargement, participated in the Berlin Process Summit in Tirana, Albania.



In 2023, the EU continued implementing the €30 billion Economic and Investment Plan, targeting long-term recovery from the COVID-19 pandemic, the green and digital transitions, and regional cooperation and convergence with the EU. In addition, the EU disbursed €450 million from its €1 billion energy support package, supporting Western Balkan

countries in tackling energy crises and enhancing energy security. Furthermore, the Commission's new Growth Plan for the Western Balkans aims to give the region some perks of EU membership before countries officially join. It focuses on economic growth and socioeconomic convergence.

Four-pillar growth plan for the Western Balkans



At the 2023 Berlin Process Summit, Western Balkan leaders reaffirmed their dedication to better integrating their regional economies through the Common Regional Market, as a step towards EU integration. They embraced plans for economic growth, including infrastructure investment and regional market expansion. The summit also spotlighted educational advancements, such as the new College of Europe campus in Tirana, and environmental initiatives like the Green Agenda. The gathering also underscored the importance of regional security, aiming to strengthen cooperation against organised crime and cybersecurity threats.

At the EU–Western Balkans Summit on 13 December in Brussels, Belgium, discussions centred on bringing the Western Balkans partners closer to the EU and advancing their gradual integration; economic development against the backdrop of Russia's war of aggression against Ukraine; and strengthening regional security and resilience.

Presidential and parliamentary elections were held in Türkiye in May. In November, a report was adopted on current EU–Türkiye relations, outlining ways to improve cooperation. The EU continues to support refugees and communities in Türkiye by providing education, healthcare and border protection.

Georgia, Moldova and Ukraine

This year's historic enlargement package was the first to include an assessment of these three countries' ability to fulfil the obligations of EU membership. Over the past year, Georgia, Moldova and Ukraine have each demonstrated their commitment to joining the EU. Their path to accession will unfold through targeted reforms of judicial systems, a crackdown on organised crime and ongoing efforts to improve the political landscape, with a focus on de-oligarchisation and human rights. The Commission's [recommendation](#) – and the historic [decision](#) by the European Council – to open accession negotiations with Moldova and Ukraine, and to grant candidate status to Georgia, acknowledged their significant efforts in aligning with EU standards.

Eastern Partnership

The Eastern Partnership's post-2020 agenda has focused on resilience, recovery and reform, and has been implemented in line with the EU accession path of Georgia, Moldova and Ukraine.

The €17 billion Eastern Partnership Economic and Investment Plan is the EU's main instrument for strengthening resilience in the region, linked to the Global Gateway strategy (see below). By the end of 2023, €8.6 billion of expected investment had been mobilised, with €5 billion for country-specific flagship projects.

The EU, its Member States and its partners will step up their efforts to implement the Eastern Partnership agenda for recovery, resilience and reform. This includes addressing the impact of Russia's war of aggression against Ukraine on the whole region. Cooperation will focus on several areas, such as connectivity, transport, energy and the green and digital transitions, along with human rights, civil society, the rule of law and security matters. Despite not engaging with the Lukashenka regime, the EU has continued to directly support the Belarusian people, [mobilising €100 million](#) between 2020 and 2023.



The EU continued to invest in efforts to secure a lasting peace between Armenia and Azerbaijan in 2023, and increased its [humanitarian assistance](#) to the region, which at the end of the year amounted to more than €25.8 million since the escalation of the conflict in 2020.

↑
Josep Borrell, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission in charge of a Stronger Europe in the World (foreground, centre), at the UN Security Council meeting on the conflict between Armenia and Azerbaijan at the UN's headquarters in New York, United States, 21 September 2023.

Southern Neighbourhood

In the Southern Neighbourhood, the Agenda for the Mediterranean regional cooperation plan and its financial strategy, the €30 billion Economic and Investment Plan, have made good progress in areas such as economic development, governance, digital transformation, energy and climate resilience, and migration.

The [EU–Tunisia Memorandum of Understanding](#), concluded in July, addresses common challenges and future opportunities on the economy and trade,

the green and energy transitions, people-to-people contacts, and migration and mobility.

The EU also continued to support people living through crises in Lebanon, Libya, Syria and Palestine (this designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue). At the June [Brussels Conference on Syria](#), the EU pledged €3.8 billion in grants for Syria and its neighbouring countries.

Financial support for the Southern Neighbourhood

€3.8 billion

in EU grants committed to the Southern Neighbourhood in the 2021–2023 period

€660 million

of blended grants (non-repayable funds) have been committed

EU grants, together with blended grants and guarantees provided to partner independent fiscal institutions, will mobilise €23.8 billion in investment.

EU–Western Balkans and Neighbourhood flagship projects for 2023

Projects are implemented under the economic and investment plans agreed with the countries.

Regional – Western Balkans

The Trans-Balkan Electricity Corridor is a 400 kilovolt interconnection linking the electricity transmission systems of Bosnia and Herzegovina, Montenegro and Serbia with those of Croatia, Italy, Hungary and Romania.

Regional – Southern Neighbourhood – Medusa cable

The Medusa submarine fibre-optic cable in the Mediterranean will connect northern African countries with European countries to increase internet speeds in northern African universities.

Regional – eastern Europe

The Black Sea Digital Connectivity submarine cable will support the digital transformation and increase the digital resilience of the region.



North Macedonia

The Rail Corridor VIII interconnection will connect North Macedonia to the Bulgarian border.



Georgia

The Black Sea Connectivity submarine electricity cable will export green energy from South Caucasus to the EU.



Morocco

- The tramway network in the Rabat–Salé–Témara agglomeration will be extended by 37 km.
- A call for proposals for the P2X hydrogen power plant.



Tunisia

Construction of ELMED, the first high-voltage submarine electricity cable interconnection between Italy and Tunisia.



Israel

The EuroAsia Interconnector submarine electricity cable will link Greece, Cyprus and Israel.



Egypt

- GREGY, a high-voltage electrical interconnection in the eastern Mediterranean between Europe and Africa, running from Egypt to Greece.
- Modernisation of the Alexandria Area Control Centre.
- Production of methanol for green shipping.



Jordan

- Aqaba–Amman Water Desalination and Conveyance project.
- Renovation and modernisation of the As-Salt sewage treatment plant; construction of a biogas plant.

International partnerships and the Global Gateway

In 2023, the EU made significant progress in rolling out the Global Gateway – its contribution to narrowing the global investment gap and supporting the green and digital transitions globally. Notably, the year saw almost 90 new flagship projects rolled out in Africa, Latin America and the Caribbean, Asia and

the Pacific, the Western Balkans, and the Eastern and Southern Neighbourhoods. These projects spanned various sectors, such as strategic transport routes, renewable energy, submarine cables, critical raw materials, teacher training and vaccine production.



On 25 and 26 October, the first Global Gateway Forum brought together leaders from the EU, partner countries, businesses, civil society, think tanks, financial institutions and international organisations to scale up the implementation of the Global Gateway strategy. In just 2 days, around €3 billion worth of agreements were signed. The EU has committed to mobilising €300 billion under the strategy by 2027.

↑
Ursula von der Leyen, President of the European Commission (right), and Sheikh Hasina, Prime Minister of Bangladesh (left), at the Global Gateway Forum, Brussels, Belgium, 25 October 2023.

For the first time in 8 years, the EU and the Community of Latin American and Caribbean States held a summit that endorsed the EU–Latin America and the Caribbean Global Gateway Investment Agenda. The agenda is expected to mobilise more than €45 billion over the coming years. In 2023, the EU also concluded various bilateral strategic partnerships with partner countries in the region

to further cooperate on energy and on critical raw materials. An EU–Latin America and the Caribbean Digital Alliance was established for cooperation on digital and space issues. In addition, in response to the climate crisis, the EU's flagship Euroclima programme was expanded to the 33 Latin American and Caribbean countries.

The EU–Latin America and the Caribbean Global Gateway Investment Agenda



The EU and its Member States have committed **over €45 billion** to support the reinforced partnership with Latin America and the Caribbean until 2027. Other countries are expected to contribute, along with the private sector and financing institutions.

The agenda includes more than 130 projects in Latin American and Caribbean countries to leverage quality investment.

Projects will be implemented through Team Europe initiatives: the EU, the Member States, development financing institutions (including the European Investment Bank), export credit agencies and all other public sources of funding will work in partnership with the private sector.

↑
VIDEO Global Gateway: launch of the Amazonia+ programme.

The agenda is structured around key pillars:



a fair and green transition



an inclusive digital transformation



human development



health resilience and vaccines

Similarly, the EU further strengthened its relations with the Asia–Pacific region during the year. In 2022, it announced the leveraging of up to €10 billion in investment for Global Gateway projects with the member countries of the Association of South-East Asian Nations. As part of this, it launched an Earth-observation programme in 2023 to support

climate adaptation, ensure food security and respond to disasters. Furthermore, the EU initiated new partnerships for sustainable energy and natural resource management. With the goal of improving sustainable connectivity between Europe and Central Asia, it mapped transport links between the two regions and the resulting investment opportunities.

→

Jutta Urpilainen, European Commissioner for International Partnerships (second from right), at the signing of the Samoa Agreement, Apia, Samoa, 15 November 2023.



A new partnership emerged between the EU and the Organisation of African, Caribbean and Pacific States, an organisation that includes 79 nations. On 15 November, they signed the Samoa Agreement, replacing the Cotonou Agreement. The new text focuses on joint efforts against global challenges such as climate change, human rights and health issues. It is set to shape relations between the EU and the organisation for the next 20 years.

The EU is moving forward with the implementation of the €150 billion Africa–Europe Global Gateway Investment Package, including major new Team Europe initiatives (joint efforts between the EU and its Member States) in sectors such as health, digital technologies, green energy, education and transport.

2023 Team Europe initiatives



The roadmap of the EU–Namibia Partnership on sustainable raw materials value chains and renewable hydrogen was launched in October 2023. Concurrently, the EU signed agreements on similar partnerships with the Democratic Republic of the Congo and Zambia.



Vaccine production has started in South Africa, and production facilities are being set up in Ghana, Rwanda and Senegal.



The EU and its Member States have scaled up support for the production of clean energy in Africa, for example through the launch of the Just Energy Transition Partnership with Senegal and the inauguration of the Gorou Banda solar power plant in Niger.



In January 2023, the EU and its Member States also launched a €100 million Regional Teachers Initiative to support quality education for all.



←

On 18 December 2023, Ursula von der Leyen, President of the European Commission (left), went to Kigali in Rwanda where she delivered an address at the launch ceremony of BioNtech Africa, together with Paul Kagame, President of Rwanda (right).



← The EU is financing the construction of a bridge over the Logone River, connecting Cameroon with Chad. Until now, transportation and commerce have been limited to traditional wooden canoes that transport goods and people. Yagoua, Cameroon, 5 April 2023.

The EU took a concrete step towards combating inequality in 2023 with the introduction of the [Inequality Marker](#). This tool helps to assess whether measures are reducing inequalities and meeting the needs of the bottom 40 % of the population.

The EU and its Member States together remain the leading provider of official development assistance worldwide, with €92.8 billion of aid provided in 2022 (the latest year for which data are available), representing 43 % of the total.

Humanitarian aid and civil protection

Humanitarian aid

Humanitarian aid saves lives, upholds human dignity and promotes global solidarity in crises and emergencies. The EU is collectively one of the largest donors of humanitarian aid in the world. With a budget of €2.4 billion in 2023 alone, it focuses not only on new emergencies but also on forgotten crises.

Due to conflict, economic shocks, extreme weather and the pandemic, [food insecurity](#) is at a record high. Russia's illegal invasion of Ukraine has further affected food, energy and fertiliser prices and disrupted supply chains. In 2023, more than €668 million was allocated for humanitarian food and nutrition assistance. Through this aid, the EU aims to ensure access to safe and nutritious food for the most hungry and vulnerable people in crises.

Over the past 12 years of the [Syrian crisis](#), the EU and its Member States have provided extensive support totalling €30 billion to the Syrian people. This covers humanitarian, development, economic and stabilisation aid, with an additional €170 million allocated for humanitarian assistance in 2023.

In February 2023, a powerful magnitude-7.8 earthquake hit Syria and Türkiye. The earthquake was one of the strongest in the region in over a century. Yet more devastation was caused by subsequent earthquakes.



↑ Thanks to EU funding and partner organisations, hygiene aid is provided to earthquake-affected people living in tents, Türkiye, 23 August 2023.

The EU reacted immediately: it sent 30 search and rescue teams to Türkiye, mobilised humanitarian assistance for both countries and convened the international donors' conference 'Together for the People in Türkiye and Syria' on 20 March. At the conference, the international community pledged €7 billion to support the humanitarian needs and reconstruction of the affected regions in Türkiye, and to provide humanitarian aid, along with early recovery and resilience support, to Syria. This included a €1.1 billion contribution from the EU budget, with €400 million secured in 2023 under the European Union Solidarity Fund.

A magnitude-6.8 earthquake struck Morocco in September. The EU quickly mobilised €1 million in emergency funds and sent humanitarian and logistical experts, and stood ready to offer more support if needed.

With the global need for humanitarian aid clearly on the rise, the EU has stepped up its advocacy to broaden the global donor base and close the growing gap between funding and needs, which exceeded almost €40 billion for the first time in 2023. The topic was at the centre of the annual European Humanitarian Forum in Brussels, Belgium, in March. With the aim of finding sustainable solutions to humanitarian needs, it brought together EU ministers for foreign affairs to discuss the use of development

and climate funds to tackle the root causes of these needs and encouraged them to increase their level of commitment.

In addition to funding, the EU has also used its own capacities to complement the work of humanitarian partner organisations. Through the European Humanitarian Response Capacity, it provided direct logistical support throughout the year, particularly in the Middle East. This included the distribution of life-saving supplies from the EU's own stocks and the organisation of EU Humanitarian Air Bridge operations to transport relief cargo for partner organisations.

The same was done in response to the conflict that broke out in Sudan in April by delivering life-saving supplies to people affected by the conflict in Sudan and refugees hosted in Chad. A parallel Humanitarian Air Bridge was undertaken following further conflict escalation in the eastern Democratic Republic of the Congo, and a series of flights continued to provide emergency aid to the people of Afghanistan, which is facing the world's biggest humanitarian crisis.

In March 2023, the EU organised a solidarity conference with migrants and refugees from Venezuela, raising €815 million and highlighting this forgotten humanitarian crisis. Further pledging events were organised to support the people of Yemen and the crisis areas in the Horn of Africa and the Sahel.

More than half of the population of Mali is under the age of 18. About a third of them live in areas affected by armed conflict. The EU is actively working to protect these children, responding quickly to new displacements and ensuring their education continues uninterrupted.



Recreational activities for displaced children in Mali are arranged in small groups to ensure safety and foster a sense of intimacy. This approach also makes it easier to identify children who need additional support. Vulnerable children then receive psychosocial support and assistance, tailored to their specific needs. 11 April 2023.



Disaster response, prevention and preparedness

The [EU Civil Protection Mechanism](#), established in October 2001, forms the backbone of cooperation and solidarity between the Member States and 10 other participating states in the event of human-made or natural disasters. When an emergency overwhelms the response capabilities of a country in Europe or beyond, it can request assistance through the mechanism.

With the inclusion of [Moldova](#) and [Ukraine](#) in 2023, the mechanism has grown to 37 members collectively strengthening prevention, preparedness and disaster response in Europe.

The EU plays a key role in coordinating and financing the collective disaster response within the EU and worldwide. In 2023, demand for assistance through the mechanism surged, reaching 66 activations in response to both natural and human-driven crises across Europe and beyond. These included the ongoing war in Ukraine, the massive earthquake in Syria and Türkiye, devastating forest fires in Canada and Greece and unprecedented floods in Italy, Libya and Slovenia.

The EU has further expanded its strategic rescEU reserves, created as a last resort to support major emergencies that overwhelm Member States. As part

of this, the EU has built up its own shelter reserves, which can accommodate thousands of people in several countries. It has also started setting up a [rescEU Emergency Medical Team](#), creating the first pan-European field hospital. Several Member States have received EU funding to build rescEU's first chemical, biological, radiological and nuclear strategic reserve, along with an emergency energy reserve with generators and other equipment.

The EU supports governments, organisations and communities in anticipating, preparing for and responding to disasters. Communities are helped to achieve these aims by using early warning systems, sharing expertise, providing emergency response training and stockpiling relief items.

In this respect, the EU has renewed its [commitment](#) to the UN Sendai Framework for Disaster Risk Reduction. It also supports Latin America and the Caribbean through a Memorandum of Understanding on Cooperation in Disaster Preparedness and Risk Management. As the risk landscape in Europe has worsened, the EU adopted [five disaster resilience goals](#) in 2023. These are targets that guide communities across Europe to help them predict, prevent, prepare for and respond to future major disasters. They establish a link between specific disaster scenarios and response capacities, and aim to strengthen disaster resilience tangibly and efficiently.

→ Romanian firefighters on the island of Rhodes, Greece, provide a rabbit rescued from the flames with much-needed hydration. When fires rage in their natural habitat, animals are often left helpless and unable to escape. July 2023.



© Romanian Civil Protection.

Five EU disaster resilience goals



Anticipate

Better risk assessment



Prepare

Increased awareness and readiness of people



Alert

Enhanced early warning systems



Respond

A stronger EU Civil Protection Mechanism



Secure

Robust emergency response coordination across Europe

Trade agreements

The EU works with countries around the world and international organisations to promote trade and economic prosperity, while ensuring technology helps to serve society and respects shared democratic values.

In June, the Commission and the High Representative for Foreign Affairs and Security Policy, Josep Borrell, introduced the [European Economic Security Strategy](#) – a comprehensive approach for a stronger and more resilient EU economy. It will grow the EU's industrial base, protect vital economic interests and promote collaboration with a wide range of non-EU countries to enhance global economic security.

In 2023, the EU made good progress on several free trade agreements. It signed and [adopted](#) an agreement with New Zealand, concluded in 2022. The EU–Chile agreement was also signed, paving the way for formal adoption.

The EU concluded negotiations on and signed the [Economic Partnership Agreement with Kenya](#), the most ambitious agreement the EU has negotiated

with a developing country on sustainability. Work on the EU–Angola Sustainable Investment Facilitation Agreement also progressed, with the Commission proposing that the Council conclude and sign the agreement.

Negotiations on trade agreements with Australia, India and Indonesia continued, as did technical and legal work on the EU–Mercosur trade agreement. [Negotiations with Thailand](#) were also relaunched.

Following the [EU–Japan High-Level Economic Dialogue](#) in June and the [EU–Japan Summit](#) in July, the two parties agreed to further collaboration under the EU–Japan Economic Partnership Agreement. This includes broadening talks about economic security and agreeing on digital trade principles.



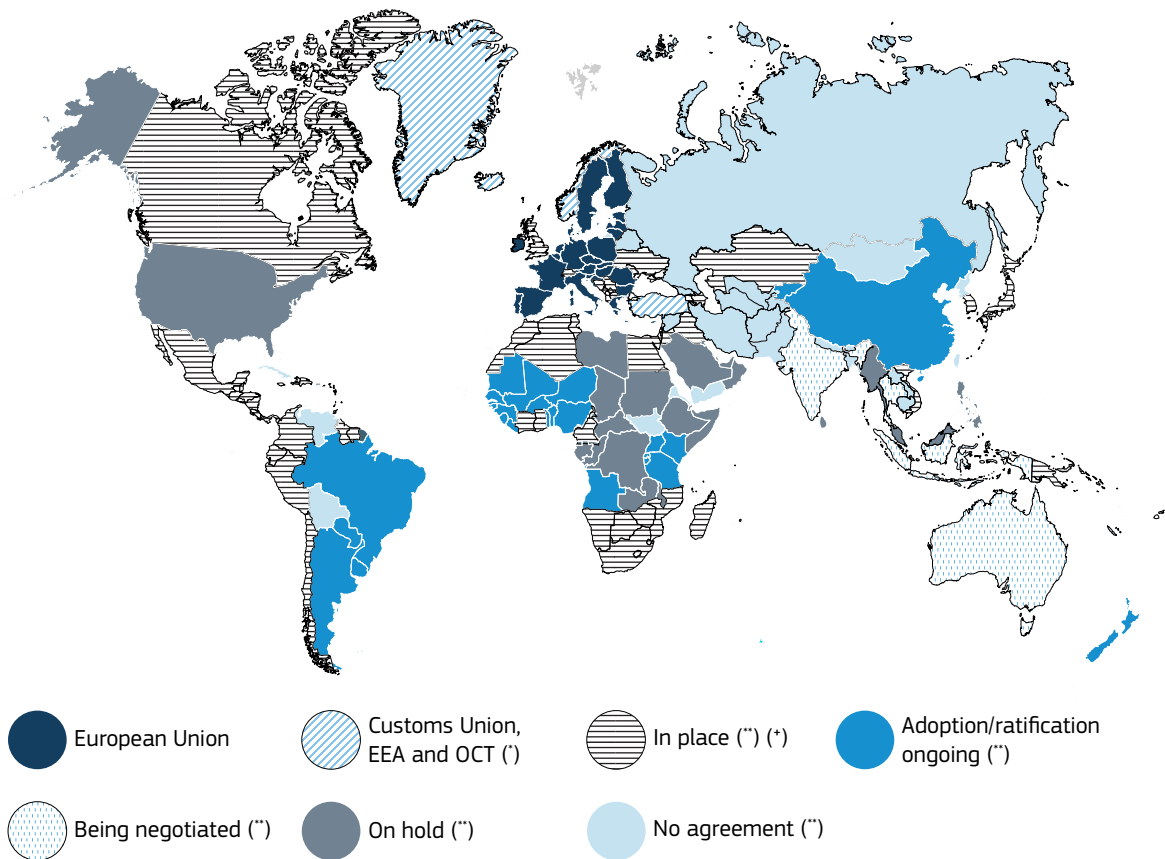
In December, Beijing hosted a landmark [EU–China Summit](#), the first in-person summit since 2019, which focused on making concrete progress on EU–China relations. Central to the agenda were discussions on balancing the EU's trade deficit with China, fostering an equitable economic partnership and adhering to international norms.

The assembly also delved into critical global concerns such as Russia's war of aggression against Ukraine, Middle East tensions, climate change, health challenges, and human rights issues within China. The summit underscored the importance of collaboration and mutual respect in global affairs.

With the United States, negotiations continued on the Global Arrangement on Sustainable Steel and Aluminium to address overcapacity in global markets and make the global steel trade more sustainable. To support these efforts, the United States and the EU agreed to extend the suspension of US tariffs on certain quantities of EU steel and aluminium and of EU rebalancing tariffs on US goods until 31 December 2025 and 31 March 2025 respectively. Negotiations also began with the United States on a Critical Minerals Agreement, which would allow EU-produced electric vehicles and parts to benefit from certain US Inflation Reduction Act tax credits.

The EU and the United States continued developing their digital and trade relations within the framework of the EU-US Trade and Technology Council, which held its fourth Ministerial Meeting in May. Building on the success of the EU-US council, the EU and India also held the first Ministerial Meeting of the EU-India Trade and Technology Council in May, following its launch in February. During the meeting, both sides agreed to deepen their cooperation in three key areas: technology, clean energy and trade.

EU trade agreements in 2023



(¹) European Economic Area; overseas countries and territories.

(²) Free trade agreement; deep and comprehensive free trade agreement; investment agreement; enhanced partnership and cooperation agreement; partnership and cooperation agreement with preferential element.

(³) The agreements with Tunisia and with eastern and southern Africa are currently being updated; the updated agreements with Chile and Mexico are under ratification; the deep and comprehensive free trade agreement with Georgia does not apply in Abkhazia and South Ossetia.

The Windsor Framework is an important milestone in EU–UK relations. It provides definitive solutions to the implementation challenges relating to the Protocol on Ireland/Northern Ireland (an integral part of the Withdrawal Agreement); reaffirms the full commitment from both the EU and the United Kingdom to the Good Friday (Belfast) Agreement; and eases trade between Northern Ireland and Great Britain and protects the EU Single Market. Both parties are committed to the full and timely implementation of all elements of the framework.

The Trade and Cooperation Agreement also progressed in 2023, allowing cooperation in trade, transport, energy and security, along with areas such as cybersecurity and financial services. The United Kingdom and the EU reached an agreement on the former's participation in Horizon Europe, the EU's research and innovation programme, and Copernicus, the EU's world-leading Earth-observation programme.

Thanks to the EU's support for the Cyprus settlement process, the Green Line trade between Turkish and Greek Cypriots soared to a record €16 million in 2023. This trade is building trust between the two

communities and helping Cyprus's economy. To further aid this growth, an EU-funded One-Stop Shop opened in October, offering advice to local traders.

The EU launched several digital partnerships to strengthen its engagement with like-minded partners, including Canada and countries in the Indo-Pacific region, such as Singapore and South Korea. The aim is to increase cooperation to cultivate a safe, secure digital space and a resilient digital transformation. The strategic partnership between the EU and Japan has also continued to grow, with both parties signing agreements to enhance cooperation on digital infrastructure, semiconductors and raw materials supply chains.

Another one of the EU's goals is to enhance its ties with the world's leading scientific communities. New Zealand's entry into Horizon Europe in 2023 broke new ground, as the EU's first distant partner in this venture. Canada's involvement further extends this international scientific alliance.



↑

Margrethe Vestager, Executive Vice-President of the European Commission in charge of a Europe Fit for the Digital Age and European Commissioner for Competition (second from right), and Valdis Dombrovskis, Executive Vice-President of the European Commission in charge of an Economy that Works for People and European Commissioner for Trade (third from right), at the EU–India Trade and Technology Council, Brussels, Belgium, 16 May 2023.



9. Institutional developments and strengthening democracy

Introduction

In 2023, the European Union's institutions and bodies worked closely together to address the common interests of the EU and deliver results for its citizens. Efforts continued to be made to improve the EU's lawmaking process and to reform administrations so they are better prepared for the opportunities and challenges of a changing world. Achieving better results for citizens by improving EU rules is a shared objective, and is the responsibility of all of the EU institutions and Member States. This includes empowering citizens to participate actively in the democratic process.

↑

From left to right: Charles Michel, President of the European Council, Jessika Roswall, Swedish Minister for EU Affairs, Shirin Ebadi, Iranian lawyer and writer, Roberta Metsola, President of the European Parliament, Samantha Cristoforetti, Italian astronaut, and Ursula von der Leyen, President of the European Commission, at the European Parliament's celebration of International Women's Day, Strasbourg, France, 15 March 2023.

Working together

The EU's institutional set-up is unique, and its decision-making system is constantly evolving. In principle, the European Commission proposes new laws, and the European Parliament and the Council of the European Union, as co-legislators, adopt them. The Member States then implement the laws, and the Commission ensures that they are properly applied. The work of these institutions is complemented by other institutions and bodies.

In 2023, EU institutions made progress on several key legislative initiatives and stepped up efforts to make the EU more transparent, more accountable and more effective. Bearing in mind the Commission's communication 'Towards a resilient, competitive and sustainable Europe', EU leaders met in Granada, Spain, in October to launch a discussion aimed at setting the European Union's general political directions and priorities for the years to come.

The presidency of the Council of the European Union rotates between the Member States every 6 months. In 2023, the presidency was held first by Sweden and then by Spain.



↑
 Ursula von der Leyen, President of the European Commission, members of the Swedish delegation and members of the College of the European Commission at the introductory meeting of the Swedish Presidency of the Council of the European Union, Kiruna, Sweden, 12 January 2023.



Progress on legislative initiatives

In 2023, the EU's co-legislators made progress on several major initiatives.

On solidarity with Ukraine and military support (see Chapter 1), the Parliament and the Council reached a political agreement on the Act in Support of Ammunition Production, mobilising €500 million to manufacture ammunition and missiles. They also agreed on new measures to urgently boost the capacities of the EU defence industry in ammunition production (the European Defence Industry Reinforcement through Common Procurement Act – see Chapter 8). In view of Russia's continued war of aggression against Ukraine, the Council further agreed to the 11th and 12th packages of economic and individual restrictive measures (sanctions).

Progress was made on strengthening the economy and the EU's competitiveness, with agreements between the co-legislators on important proposals such as the EU Green Bonds Regulation, the banking package and the Central Securities Depositories Regulation, along with the groundbreaking Critical Raw Materials Act (see Chapter 2). Additionally, the Council agreed on a common position on the Commission's proposal to reform the EU's economic governance rules.

Regarding the green agenda, the Parliament and the Council adopted key pieces of legislation delivering on the climate targets for 2030. These include new

rules to reduce final energy consumption and raise the share of renewables in the EU's energy mix (see Chapters 3 and 4).

Concerning the digital transition, the Parliament and the Council adopted new rules to strengthen Europe's semiconductor sector (the Chips Act), which will reinforce the EU's technological sovereignty. The co-legislators also adopted the Data Act, which will ensure fair access to data, and reached a political agreement on the Artificial Intelligence Act, which will promote the safe use of artificial intelligence in the EU for the benefit of all (see Chapter 5).

Negotiations between the Parliament and the Council ended in a political agreement on the New Pact on Migration and Asylum (see Chapter 7) and on the transparency of political advertising (see below). Progress was also made on the directive on improving the working conditions for platform workers (Chapter 6). Moreover, with regard to the Schengen area, the Council unanimously agreed to lift air and maritime internal border controls with Bulgaria and Romania (see Chapter 7).

Furthermore, the political agreement on the targeted revision of the Financial Regulation marks a significant step in protecting the EU budget (see Chapter 2), enhancing transparency, improving crisis management and reducing administrative burdens on Member States.



On 3 July 2023, Ursula von der Leyen, President of the European Commission, and Members of the College of the European Commission attended the inaugural meeting of the Spanish Presidency of the Council of the European Union in Madrid, Spain.

Making sure that EU rules are applied

EU law must be implemented and applied fully and correctly everywhere so that people and businesses can enjoy their full benefits. To ensure this, the Commission opened more than 500 new infringement procedures in 2023, either because Member States had failed to transpose EU directives into national law on time or because they were not applying EU rules correctly or their national rules did not fully conform to EU law.

On the other hand, 1 000 infringement procedures could be closed during the year as Member States achieved compliance with EU rules. This will bring concrete benefits, such as stronger rights in the digital single market, improved energy efficiency, greater protection for the environment, better financial services and safer transport.

The Commission also continued its work on preventing breaches in the first place, for example by providing early support to Member States on the implementation of EU law through practical guidance, meetings, training and technical assistance.

Active interinstitutional cooperation

The European Economic and Social Committee and the European Committee of the Regions provided important and relevant contributions to the Parliament, the Council and the Commission, and engaged strongly in supporting Ukraine. The European Economic and Social Committee pursued its initiative to select enlargement candidate members, which seeks to involve civil-society representatives from EU candidate countries in the daily advisory work of the Committee.

Via its European Alliance of Cities and Regions for the Reconstruction of Ukraine, the European Committee of the Regions highlighted the importance of decentralisation and strengthening local self-governance in Ukraine's recovery and reconstruction process.

The national parliaments of most Member States continued their active cooperation with the EU institutions, scrutinising proposed new laws for their respect of the subsidiarity principle. The principle of subsidiarity defines the circumstances in which it is legitimate for action to be taken by the EU, rather than by the Member States. In this respect, the national parliaments raised concerns in only a very few cases. They participated in the written and oral political dialogue with the Commission on a wide range of topics, and in interparliamentary meetings hosted by the European Parliament.

Relations between the other institutions and the European Ombudsman continued to be both good and very constructive. The Commission remains the main addressee of the Ombudsman's inquiries as the institution with the most direct dealings with the public. In 2023, the Commission implemented about three quarters of the Ombudsman's proposals, and cases of maladministration were very rare.

As the guardian of the EU's finances, the European Court of Auditors carried out a series of financial and performance audits, including in areas such as the pandemic recovery fund NextGenerationEU, the EU's economic competitiveness, resilience to security threats, respect for European values, climate change and combating fraud. As the Court's main auditee, the Commission accepted the vast majority of recommendations addressed to it, to ensure that EU funds are raised and spent in accordance with the relevant rules and that they achieve the intended results.



Good administration

Strengthening public trust

Transparency, integrity and accountability are the key characteristics of a democracy based on the rule of law. They promote good governance and build trust in the policymaking process. They are also extremely important political tools in preventing corruption. Following allegations of corruption and the subsequent arrest of a Member of the European Parliament at the end of the previous year, in 2023 the Parliament implemented a set of reforms aimed at strengthening its integrity, independence and accountability as a way of preventing further interference in its work.

With a view to strengthening public trust in the EU institutions, in June the Commission presented a proposal for an interinstitutional ethics body with the aim of establishing common standards for the ethical conduct of members and a formal mechanism for cooperation and exchange on ethical requirements. The Commission invited all EU institutions (the Parliament, the European Council, the Council, the Court of Justice, the European Central Bank and the Court of Auditors, along with the European Economic and Social Committee and the European Committee of the Regions) to begin negotiations and organised the first political and technical meetings on a potential agreement.

In June, the European Central Bank formalised its accountability arrangements with the Parliament. The dialogue between the Central Bank and the

Parliament is of key importance in this respect. It allows the Bank to explain its actions and policies in detail to the elected representatives of EU citizens, and to listen to their concerns. In this way, citizens and their representatives can form a judgement on the Bank's performance in view of its primary objective of maintaining price stability.

Better Regulation

The Commission's Better Regulation agenda is the centrepiece of its work to ensure the EU's competitiveness and resilience through smarter, more efficient and more effective regulation. This builds on a proven framework, recognised by the Organisation for Economic Co-operation and Development.

In 2023, the Commission committed to reducing the burden associated with reporting requirements by 25 % over time. It put forward 41 initiatives in its work programme, making it a priority to streamline reporting requirements that impose disproportionate burdens on businesses or administrations. The aim is to reduce administrative burdens without undermining policy objectives or lowering social, economic, environmental or any other standards, including consumer protection. The process will be informed by 200 contributions that were received from businesses, public authorities, civil society and citizens in a dedicated call for evidence.



←
Christine Lagarde, President of the European Central Bank (left), and Roberta Metsola, President of the European Parliament (right), signing the accountability arrangements, Brussels, Belgium, 5 June 2023.

Rationalising and simplifying reporting requirements

How?



Examples

Proposal	Aim	Expected savings/benefits
Reformed Union Customs Code	To create a single EU interface and facilitate data reuse	€2 billion
Revised Combined Transport Directive	To simplify procedures (e.g. use digital transport data platforms for proof of eligibility)	€430 million
Adjusted Accounting Directive thresholds	To reduce reporting requirements	More than 1 million companies are expected to benefit
Alternative dispute resolution	To remove some disclosure obligations and replace the online platform	Around €630 million



The Commission also continued implementing the ‘one in, one out’ approach, which ensures that any newly introduced burden is offset by removing an equivalent burden in the same policy area. The approach complements the Commission’s [Regulatory Fitness and Performance programme](#), through which the Commission seeks to systematically identify and remove red tape and unnecessary costs whenever EU legislation is revised and evaluated.



Maroš Šefčovič, Executive Vice-President of the European Commission in charge of the European Green Deal, Interinstitutional Relations and Foresight, at the eighth plenary meeting of the Fit for Future Platform, Brussels, Belgium, 28 November 2023. This high-level expert group supports the Commission in its efforts to simplify EU laws and reduce unnecessary costs.

Strengthening administrative cooperation

Efficient national public administrations are critical to transforming EU and national policies into reality; implementing reforms to the benefit of people and businesses alike; and channelling investment towards achieving the green and digital transitions and greater competitiveness. With the aim of enhancing the European administrative space, the [ComPact initiative](#) offers a new set of principles to help Member States address skill gaps and deliver on the target of having 100 % of key public services accessible online by 2030. This will enable EU economies and societies to deliver on the ambitious 2030 climate and energy targets, and will make EU public administrations less bureaucratic, faster in delivering services, more transparent and closer to the people. In this respect, the [agreement on the Interoperable Europe Act](#) in November was an important milestone on the way to achieving the EU’s [digital targets for 2030](#) (see Chapter 5). Once adopted, the act will take the exchange of information in the EU public sector to the next level and accelerate the sector’s digital transformation.

Strategic foresight

To future-proof its policies in the increasingly complex global context, the EU is progressively embedding foresight into its policymaking. Possible scenarios, trends, risks and emerging issues are explored, providing insights that are useful in strategic planning and policymaking, in line with the Better Regulation toolbox. Ultimately, strategic

foresight will help the EU to anticipate and respond better to future needs and to otherwise unexpected adverse developments and complex crises, like those we have seen in recent years.

The [2023 Strategic Foresight Report](#) analysed the social and economic challenges on the path towards achieving sustainability and maintaining people’s well-being. It also shed light on how successfully managing those challenges can help the EU strengthen its global leadership. The report suggests 120 concrete areas for action and presents the first results of the pilot scheme on the ‘[beyond-GDP](#)’ approach, which aims to support the development of progress indicators that are more inclusive of environmental and social aspects.

During the year, the Commission also further developed its cooperation with Member States through the EU-wide [Foresight Network](#), established in 2021, which has contributed to an increased amount of interest and investment in strategic foresight at the national level. The network also aids broader discussions at the EU level, such as the work on the [Resilient EU2030](#) report during the Spanish Council Presidency and the [declaration](#) resulting from the European Council in Granada, Spain.

The European Strategy and Policy Analysis System brings together nine EU institutions and bodies to anticipate future risks and opportunities. In 2023, cooperation focused on the preparation of the new [Global Trends Report](#), which is due in early 2024.

Ten areas for action to achieve sustainability



Strengthening democracy

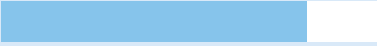
Safeguarding the rule of law

With the Russian war of aggression against Ukraine continuing to rage, it is vital that democracy, human rights and the rule of law be proactively defended and upheld, in the EU and beyond. The 2023 ['Rule of Law Report'](#) made an important contribution to this, showing that 65 % of the rule-of-law recommendations issued to Member States in 2022 had been fully or partially addressed. This reflects the significant efforts that are ongoing in

the Member States to undertake the necessary reforms to strengthen the rule of law in four key areas: the justice system, the anti-corruption framework, media pluralism and freedom. Given the positive results in the Member States, in 2023 the Commission [announced](#) that it would open the 'Rule of Law Report' to the more advanced accession countries to support them in their reform efforts.

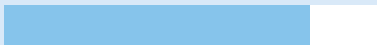
Foreign interference in democratic systems

81 %



of people in the EU agree that foreign interference is a serious problem that should be addressed

81 %



of people in the EU agree that entities representing foreign governments on EU territory should be registered to prevent covert interference

The role of civil society in promoting and protecting democracy

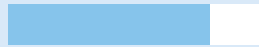
87 %



of people in the EU see an important role for civil society in protecting democracy and promoting democratic debate

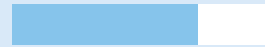
Democracy and elections

78 %



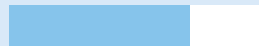
of people in the EU are worried that voting decisions could be based on disinformation

72 %



of people in the EU are worried that elections in the EU could be manipulated through cyberattacks

70 %



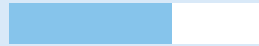
of people in the EU are worried that foreign countries could covertly influence elections

65 %



of people in the EU are worried that they might be pressured to vote in a certain way

63 %

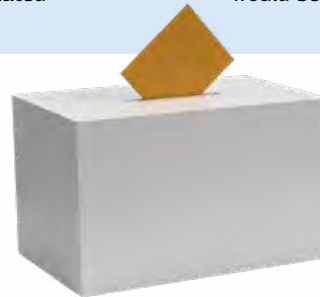


of people in the EU are worried that election results could be manipulated

53 %



of people in the EU are worried that people who are not entitled to vote would be voting



Source: Flash Eurobarometer 528, December 2023.

Defending democracy

In a healthy and thriving democracy, citizens can freely express their views, choose their political leaders and have a say about their future. Democracy in the EU is strong, but it is facing challenges from rising extremism, election interference, the spread of manipulative information and threats against journalists.

The defence-of-democracy package, adopted in December, aims to address challenges such as foreign interference and to build resilience from within by encouraging civic engagement and democratic participation. The centrepiece of the package is a proposal to enhance transparency and democratic accountability by shedding light on covert foreign influence. The measures will also improve the functioning of the internal market through common standards for interest-representation activities

carried out on behalf of non-EU countries. In addition, the package includes two recommendations: one to strengthen electoral processes in the EU and another to promote the inclusive participation of citizens and civil society in policymaking.

A political agreement was also reached on the new rules on the transparency of political advertising, under which political adverts will need to be clearly labelled and must include information such as who paid for them and how much; to which election, referendum or regulatory process they are linked; and whether they are targeted.

Promoting free and fair elections, ensuring the rule of law and guaranteeing media freedom are building blocks to create a space where every citizen feels free and empowered.



European elections

The [European Cooperation Network on Elections](#) promotes concrete and practical exchanges on a range of topics relevant to ensuring free and fair elections, including cybersecurity. The network will continue supporting cooperation among Member State authorities in the run-up to the 2024 European elections.

↑

VIDEO Video message by Roberta Metsola, President of the European Parliament, on the European elections from 6 to 9 June 2024.

Media freedom

In 2023, a political agreement was reached on the [European Media Freedom Act](#), a new set of rules to better protect media and journalists against political interference and to ensure that media can operate more easily across borders. The act proposes a new independent European Board for Media Services, comprised of national media regulators or bodies, to strengthen cooperation at the EU level, including against foreign propaganda, and help with the implementation of the new rules.

An agreement was also reached on the [new rules](#) to protect journalists, rights defenders, civil-society organisations and others who are the targets of

strategic lawsuits against public participation. The new rules will include the early dismissal of unfounded claims, remedies against abusive court proceedings and protection against foreign judgments that will not be recognised or enforced in the EU.

The [Free Media Hub EAST](#) project, led by the Prague Civil Society Centre and backed by the Commission, awarded over €2.2 million in grants in 2023 to provide support to existing and established independent Belarusian and Russian media working in the EU (mainly in Czechia, Germany, Latvia, Lithuania and Poland).



A protester holds a banner with a photo of Mahsa Amini, a 22-year-old woman who was detained by Iran's moral police for violating the mandatory veil law in that country and lost her life, Milan, Italy, 16 September 2023.

The EU remembers the struggle and continues to honour all those who have paid the ultimate price for liberty. The European Parliament's [2023 Sakharov Prize for Freedom of Thought](#) was awarded to Jina Mahsa Amini and the Woman, Life, Freedom Movement in Iran.

Empowering citizens

The EU is committed to listening more closely to citizens and stakeholders. Opening up policymaking processes to the public is another way to help the EU to become more transparent, accountable and effective.

Over the last several years, the Commission has further strengthened its consultation activities through the [Have Your Say](#) portal, which is the centralised page for all feedback and input from citizens and stakeholders. Input can be provided on calls for evidence, adopted proposals and draft acts. To reach out more widely, the Commission has increased the number of consultations translated into all official EU languages (from 59 % of public consultations translated in 2019 to 83 % in 2023).

Citizens' Panels

Between December 2022 and April 2023, the Commission organised the first series of the new generation of [Citizens' Panels](#), embedding this new format of citizens' participation into the policymaking process. Building on the experience acquired during the Conference on the Future of Europe, and responding to the calls expressed during the conference, the panels allow 150 randomly selected citizens to deliberate and make recommendations ahead of Commission proposals.

The panels discussed the initiatives on food waste, virtual worlds and learning mobility. The recommendations were gathered in citizens' reports, which informed the preparation of and were published alongside the final Commission proposals. The Commission initiatives were put forward on 5 July (food waste), 11 July (virtual worlds) and 15 November (learning mobility) respectively. The new Citizens' Panels contribute to the wider consultation process, through which the Commission collects evidence from citizens and stakeholders.



Dubravka Šuica, Vice-President of the European Commission responsible for Democracy and Demography, at the European Citizens' Panel on virtual worlds, Brussels, Belgium, 11 July 2023.

European Citizens' Initiative

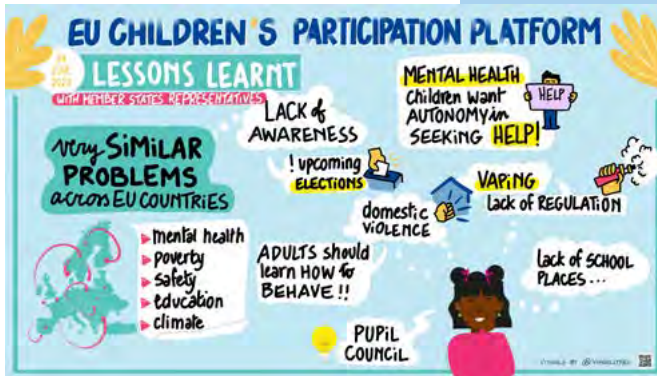
In April, the Commission registered the 100th [European Citizens' Initiative](#) since their introduction in 2012. Over the year as a whole, the Commission registered 37 new initiatives calling for EU action in various fields, such as the dignified treatment of migrants, animal welfare, rail networks, taxation, the preservation of Ukrainian culture and education on EU citizenship.

The Commission also replied to four successful initiatives in 2023, calling for a reduction in the use of pesticides, an end to the trade in loose shark fins, an end to animal testing and a ban on the production of and trade in fur. So far, 10 initiatives have received more than 1 million statements of support since 2012.

The [2023 report](#) on the new European Citizens' Initiative rules, which have been in force since 2020, shows that they deliver a more accessible, less burdensome and easier-to-use framework for organisers and supporters. It also suggests practical improvements on how to increase general awareness and inform citizens of their right to use the Citizens' Initiative, and on how to provide more visible follow-up to successful initiatives.

Strengthening citizens' rights

European citizenship is one of the European Union's most significant achievements. To mark the 30th anniversary of EU citizenship, the Commission proposed [measures](#) to strengthen citizenship rights, accompanied by guidance for citizens with the most essential information on their rights. The [2023 EU citizenship report](#) highlights the progress made in promoting citizenship rights, common values and democratic participation in the EU since the publication of the last such report in 2020.



Lessons learnt at the first General Assembly of the EU Children's Participation Platform.

The first General Assembly of the EU Children's Participation Platform, co-chaired by and co-created with children and teenagers from the EU, took place in Brussels in June. Around 60 children came together to discuss the topics – namely democracy, climate change, mental health, safety and poverty – that will steer the work of the platform for 3 years.

Empowering children and young people

Almost 20 % of EU citizens are children. They have a right to express their opinion on matters that concern them. In 2023, the [EU Children's Participation Platform](#) created even more opportunities for under 18s to take part in the decision-making process. Almost 50 organisations working directly with children across the EU have become members of the platform since it was set up in October 2022.

The 2022 [European Year of Youth](#) put young people high on the political agenda at all levels and contributed to integrating the youth perspective across various policy fields. The Year of Youth created large-scale mobilisation and engagement, raising awareness of EU opportunities among millions of young people who took part in 13 000

activities across 67 countries, through a variety of EU programmes and policy initiatives. A number of new youth participation formats were launched, ranging from the [Youth Voices Platform](#) and [Youth Talks](#) to the [policy dialogues](#) and the [pool of European young journalists](#). Social media campaigns running from February 2022 to May 2023 resulted in 210 million views and 10 million interactions, and reached 91.4 million people.

To become active citizens, young people need to understand how democracy works and what their rights and responsibilities are. The EU Democracy in Action [toolkit](#), published in May, introduces pupils to the European Citizens' Initiative and encourages them to take an active role in European issues.

Getting in touch with the EU

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EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (eur-lex.europa.eu).

Open data from the EU

The portal data.europa.eu provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.



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