

**Insight
Out**

EU ELECTIONS INSIGHTS

Results & business impact analysis

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Why this matters.

WHAT DO THE ELECTIONS CHANGE?

Members of the European Parliament will shape the EU policy agenda for the next five years, ultimately approving all new rules that the European Commission, the EU's executive, puts forward.

The results also influence how the EU's top jobs are allocated, including Commission President Ursula von der Leyen's bid to stay on for another five years.

As the official candidate for the centre-right European People's Party (EPP) – the clear winner of the elections despite a far-right surge – von der Leyen is now the firm favourite.

WHY BUSINESS SHOULD CARE

EU officials influence global policy on issues from climate change to security.

Roughly 60% of rules across the EU are made in Brussels – laws that impact countries, companies, and individuals in areas such as migration, the rule of law, social policy, the environment, and consumer rights. The EU is also in charge of trade and competition matters.

EU policies directly impact all companies operating in the Single Market and can stretch beyond its borders. Dubbed the 'Brussels effect,' the EU has the ability to set global regulatory standards, due to its large market size. Companies and countries often align with EU regulations and standards to ensure market access to the bloc, leading to worldwide compliance with EU rules.

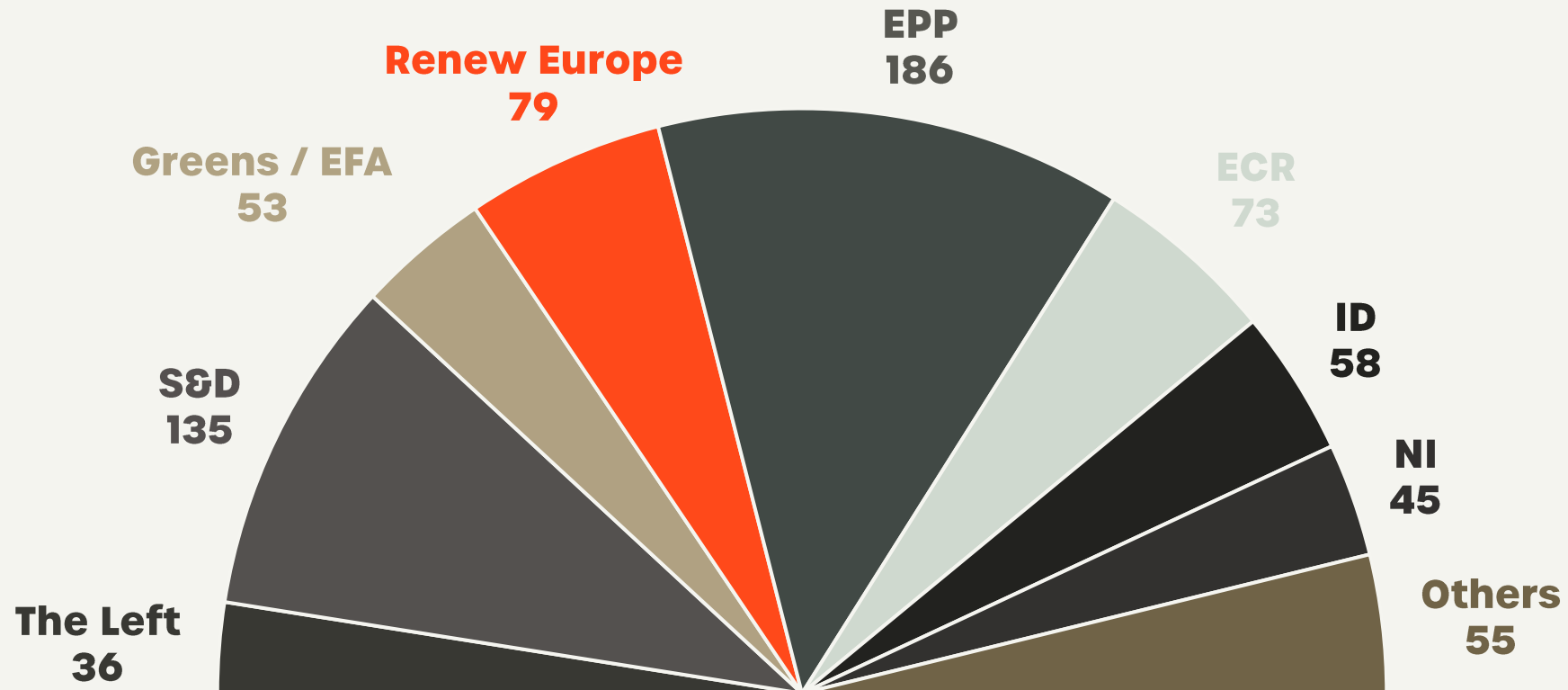
IN NUMBERS

Between 6 – 9 June 2024, almost 180 million voters across the EU elected 720 Members of the European Parliament.

Results analysis

Parliament breakdown, winners & losers

Overview of results



Winners & losers

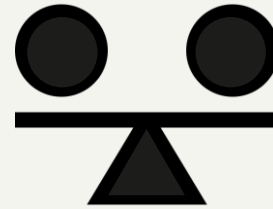


RADICAL-RIGHT SURGES

Radical right parties made historic gains, finishing first in France, Italy, Austria, Hungary & Slovakia, tied first in the Netherlands, and came either second or third in Germany, Spain, Poland, Czechia & Romania.

France's National Rally (RN) will be the single biggest national delegation in Parliament while Germany's AfD obtained their best ever result with 17 seats.

The nation-first European Conservatives and Reformists (ECR), including Poland's Law & Justice (PiS) and Giorgia Meloni's Brothers of Italy gained four seats and could yet be joined by Hungary's Fidesz party.



THE CENTRE HOLDS

The centre-right EPP remains the largest group, gaining 10 seats, with the centre-left S&D again finishing second, losing four.

The EPP, Socialists, and liberal Renew Europe groups together would still form a thin majority.



LIBERALS & GREENS PUNISHED

The heaviest losses were felt by the centrist Renew group, which includes Emmanuel Macron's Renaissance party, down from 102 seats to 79 – but crucially, they remain the third largest group ahead of ECR, for now – and the Greens, who lost a third of their seats.

Can the radical right unite?

How this swing to the right translates into the ability to control and amend EU legislation in the Parliament depends on how national delegations form into European political families.

MEPs are elected as members of their national parties and will now form transnational political groups in the Parliament. Political groups can change, come together or disappear altogether as negotiations get under way this month.



A NEW SUPERGROUP?

Dynamics in the Parliament will shift significantly if the elements of the ID and ECR groups and non-affiliated national delegations of Germany's Alternative for Deutschland (AfD) and Hungary's ruling Fidesz party can consolidate their gains by creating a new supergroup, but the parties have failed to work together in the past and are split on major issues, like Russia.

The Impact

Significant gains but limited power for the far-right

Counter-reaction

REPERCUSSIONS IN PARIS & BERLIN

The historic gains for the extreme-right have had an instant impact at the national level. In France, the far-right doubled the score of the liberals, leading to President Macron calling for a snap parliamentary election in three weeks' time. The ruling coalition in Germany also came out significantly weakened, calling into question the effectiveness of the German-French 'motor' at the heart of the EU.

BASTION AGAINST EXTREMES

The far-right surge will make the most headlines, but the centre-right EPP is the clear winner of the elections and in her speech welcoming the results, President von der Leyen said:

“No majority can be formed without the EPP and together, we will build a bastion against the extremes from the left and from the right.”



The radical-right gains will also galvanise support from all centrist parties for von der Leyen's candidacy as a bulwark against extremes.

The direct influence the radical-right will have on EU policymaking will be limited and will depend on how far they can unite their different groups. Firstly, the Parliament can only amend and approve laws the Commission proposes. In addition, together – hard-right groups make up roughly a third of the Parliament, and are deeply divided.

How the radical right will change the Parliament

POLARISATION OF THE PARLIAMENT

Nevertheless, the next EU institutional mandate will see a more polarised and radical European Parliament, with a stronger far-right presence and larger group of non-attached members. We can expect new legislation to be less ambitious, and agreements harder to reach. Scattered majorities will require more coalition-building.

In addition, the electoral success of the radical-right will influence the positions of the EPP itself, which will likely water down policies on migration and climate to address voters' concerns.



STRONGER OPPOSITION TO DEEPENING THE EU PROJECT

Efforts to expand Brussels' powers – notably in defence and deepening the Single Market – will face tougher opposition. The rise in Euroskeptic parties will also limit ambitions to increase the EU's budget and make striking major trade deals – such as with Mercosur – more difficult.

Trends to watch in the next mandate

A majority coalition in the Parliament will now need to be negotiated, but the manifestos of the three main centrist political groups closely align on three key trends. We expect these to drive EU policymaking in the new mandate, from trade to public health policies.

01.

Reinforcing the competitiveness of EU business vs. the US and China

02.

Strengthening the bloc's strategic autonomy by reducing critical dependencies

03.

Shifting the focus of the sustainability agenda

Three key policy areas

Our EU policy experts analyse what the post-elections landscape means for policy in the sustainability, health and technology fields.

01.

**SUSTAINABILITY
POLICY**

02.

**HEALTH
POLICY**

03.

**TECH
POLICY**

01. Impact on sustainability policy



LUIS CERVILLA
Vice President,
Sustainability

“The likelihood of a Great Coalition endorsing Von der Leyen's nomination will - to a certain extent - guarantee the continuation of an EU Green Deal, but re-centred around industrial competitiveness and its impacts on society.”

What next for the EU Green Deal?

The election results will undoubtedly condition the way that the EU institutions will pursue the green agenda. The continuation of the Green Deal has been a polarising and divisive campaign issue both at European and national level.

Although there seems to be some degree of consensus about a re-focus on industrial competitiveness and the ability of market players to be climate-ambitious, the future of the Green Deal rests on von der Leyen's ability to form a coalition to support her nomination.

The President has already hinted at converging with the liberal and centre-left groups to secure her renewal as the head of the Commission – and provisional results indicate the backing of the two groups will be sufficient to give her the majority needed.

However, the Green Group's drop to sixth position now make them 'dispensable' to this coalition, reducing their ability to impose greater ambition for future sustainability policies.

The EPP Group would then be forced to more closely align with reforms the liberals and center-left are advocating, while remaining mindful of the economic and social consequences of the European green agenda.



Factors at play

Another key consideration for the future of EU sustainability policies will be the nomination of the Climate Commissioner. The S&D Group has rallied support for the current Spanish Government's Vice-President for the Ecological Transition, Teresa Ribera. She has already expressed her willingness to take on the challenge and promised to ensure the continuity of the EU Green Deal, to explore new areas, including the industrial competitiveness aspects, and a stronger social dimension.

From a political standpoint, the polarisation in Parliament will require a pragmatic take on traditionally divisive issues, such as climate policies. This may translate into greater consideration of the impact of new – and existing – policies on the economy, both for businesses and for citizens, as well as a renewed impetus to develop and protect key clean industry sectors that contribute to the strategic autonomy of the bloc.

While these trends permeate the debate, once in office, the new Parliament must immediately address legacy files from the previous term, including proposals against the greenwashing of products (Green Claims Directive), the controversial nature restoration law, a new framework for energy taxation and, more significantly, the Parliament's take on a future binding target for 2040.

The latter will likely be the petri dish that will allow us to confirm the overall direction of future EU green policies.



02. Impact on health policy



CAMILLA RANDAZZO
Vice President,
Health

“Current ambition is unlikely to be maintained, given the far-right narrative that sees health as a national rather than an EU competence, for which EU and international policies should not be imposed nationally.”

Core drivers

SCALING DOWN THE EUROPEAN HEALTH AMBITION

From a health perspective, current ambition is unlikely to be maintained, given the far-right narrative that sees health as a national rather than an EU competence, for which EU and international policies should not be imposed nationally.

With €1 billion cut from the EU4Health fund earlier this year, the new European Parliament will have a key role in the coming months to secure the necessary health budget under the next EU Multiannual Financial Framework (2028-2034). Given the current context, and competition with other priorities (namely defence), a larger budget is unlikely.

The status of the EU Health Emergency Preparedness and Response Authority (HERA), set up in 2021, remains uncertain. Long discussions regarding HERA's governance and how much autonomy it should have from the European Commission are to be expected, but its future will ultimately depend on political will.

UP NEXT ON THE HEALTH AGENDA

The competitiveness of the life science sector, with ongoing calls from all stakeholders for more EU support for research and development, clinical trials and manufacturing in the EU, will remain a key topic. In particular, this will continue to be a theme in the revision of the General Pharmaceutical Legislation. Member States still have the opportunity to ensure future competitiveness of the region, as they finalise their positions on the proposals. Meanwhile, industry continues to call for a wider Health and Life Sciences Strategy.

As we continue to see shortages of critical drugs, the topic of strategic autonomy is also expected to remain high on the agenda. This will translate into continued attention on manufacturing and supply of 'critical medicines', as well as active ingredients, with an EU Critical Medicines Act potentially on the cards.

UP NEXT ON THE HEALTH AGENDA

The questions of access to and affordability of medicines will also remain, keeping industry in the spotlight regarding patient access to innovative treatments.

One major topic that will remain firmly on the agenda, as it is accepted as a threat across the political spectrum, is drug-resistant infections, or antimicrobial resistance (AMR). With increasing pressure on the EU institutions to coordinate and facilitate the implementation of EU Member States' plans to tackle AMR, there will also be pressure on MEP health advocates to ensure that funding for this coordination is maintained.

Another topic expected to be prominent is the reduction of the environmental impact across the life science sector's value chain. While future green policies could be watered down by this more right-leaning Parliament, environmental risk is likely to stay high on the agenda, given its prominence in the revised General Pharmaceutical Legislation proposals and the industry commitment toward the decarbonisation of the sector.



03. Impact on tech policy



ROBERT LANGMUIR
Vice President,
Technology

“Right-wing parties have traditionally pushed back on allocating the necessary resources for enforcing existing regulations. Specifically, they may try to hinder the DSA, Europe's landmark content moderation law.”

A focus on enforcement



DECELERATING REGULATION

Over the last five years, the European Commission has overseen a significant increase in digital and data laws, including many first-of-a-kind, landmark legislations, from the fair access and use of data (Data Act) to online platform regulation (Digital Services Act), to modernising digital competition (Digital Markets Act), to the world's first artificial intelligence law (Artificial Intelligence Act).

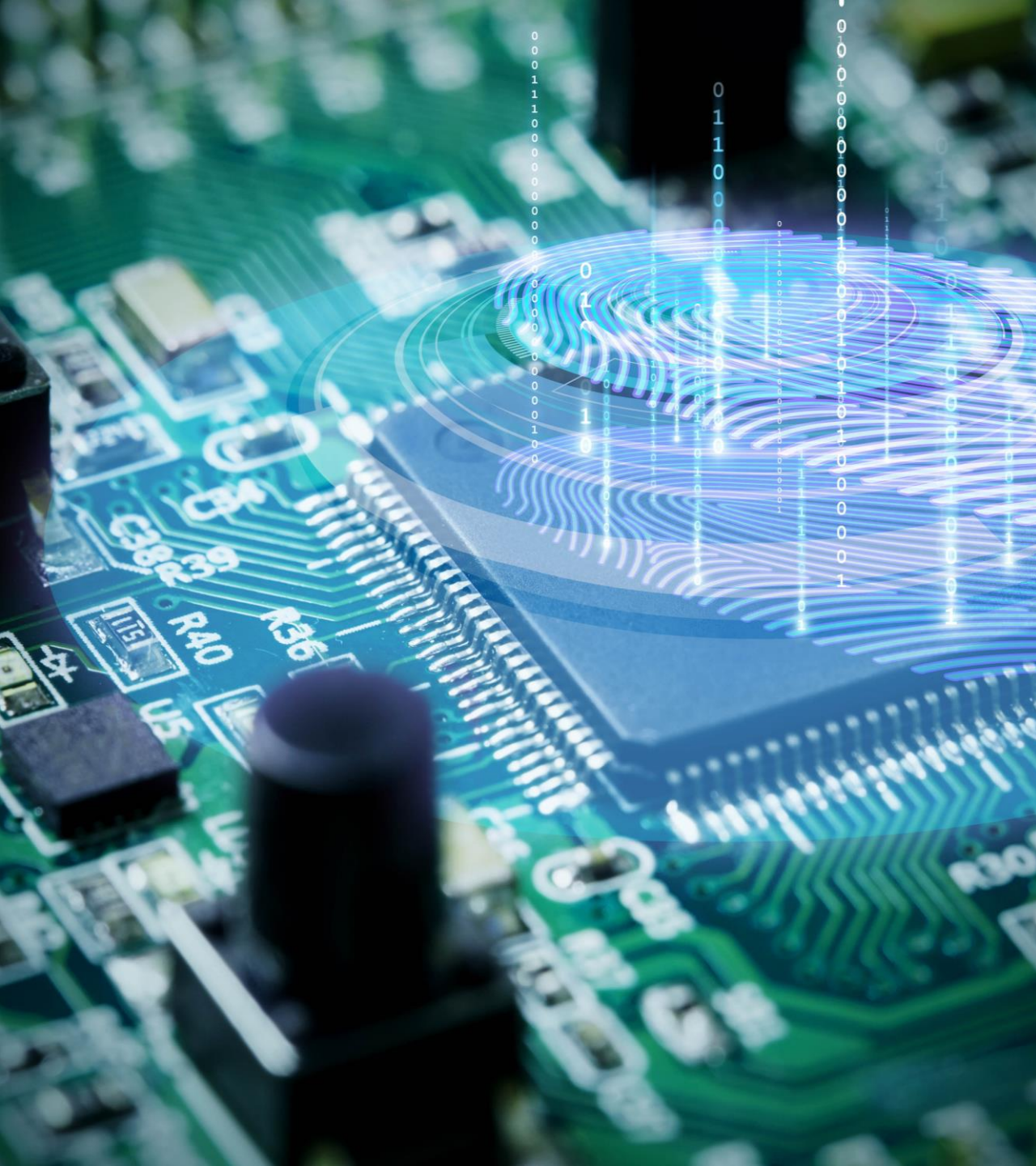
Following calls from industry – supported by the centre-right and liberal groups in Parliament – to reduce the compliance burden and promote competitiveness, the next Commission is set to slow down with any new tech policy initiatives, to focus instead on building capacity to implement and enforce the current rules.



ENFORCEMENT CHALLENGES

This will amount to a vast workload for companies, as EU regulators further detail key aspects of the new rules in secondary legislation and develop the standards to ensure compliance, namely on AI and cyber resilience. As with its flagship data protection legislation (GDPR), the EU aims to set standards internationally.

The election results mean that it will be more difficult to secure the budget and staff needed. Right-wing parties are traditionally less willing to allocate the resources needed to enforce current regulations. In particular, they may push back on the enforcement of the DSA, Europe's landmark content moderation law.



STILL IN THE PIPELINE

Whilst we expect the new Commission to hold off on new flagship tech initiatives, major legislation is still foreseen for 2025. Namely, making the Disinformation Code of Practice binding, the role of AI in the workplace, more data spaces to add to the European Health Data Space, and a Digital Fairness Act, which will assess whether or not to regulate the design of online user interfaces. Furthermore, the EU is set to review its GDPR next year, potentially opening a 'Pandora's Box'.

RISKS TO BUSINESS

The hard-right are also expected to strengthen measures to ensure strategic autonomy in the tech space in the next Parliament. This will mean greater political scrutiny and reputation risks linked to supply chains for critical technologies, more policy support & funding for 'Made in Europe' tech, particularly with EU AI champions, and a higher risk of market access barriers for foreign tech companies, from procurement to standards.

The view from Washington

U.S. political and business leaders have closely watched the EU parliamentary elections and will now assess outcomes that might have an impact on future transatlantic commerce and diplomacy. The EU institutions, and the Member States, are critical partners of the United States in promoting a rules-based international order and cooperation on shared global challenges such as defence, development, individual rights, and the climate.



Testing the U.S.-EU partnership

The U.S.-European economic relationship is the world's most robust partnership. EU-US bilateral trade is at historic highs, surpassing €1.6 trillion in 2023, while bilateral investment stocks exceed €5 trillion. Commercial ties remain resilient, as both markets have navigated a global pandemic, economic slowdowns and supply chain disruptions, and Russia's invasion of Ukraine.

However, the relationship is not without trade, technology, industrial and competition disputes and irritants that Washington and Brussels need to manage. Some U.S. companies complain that Brussels unfairly targets them in regulatory areas - a trend that could be exacerbated as the EU begins to enforce new digital policies in the new mandate - while European leaders express concern that U.S. industrial policies favour domestic investments.

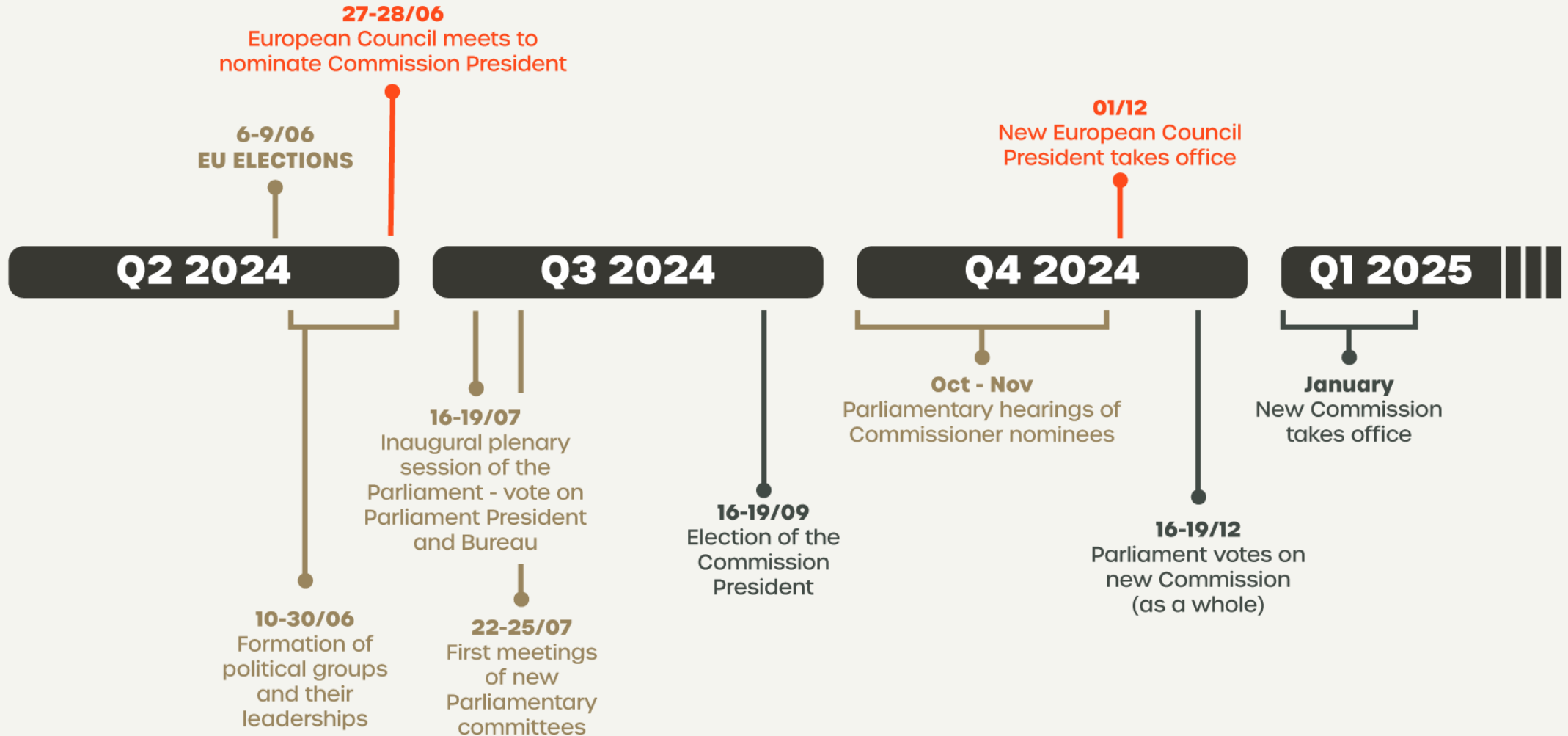
Foreign policy experts will watch to see if European leaders take concrete steps to decrease Europe's reliance on the U.S. security umbrella. There is also a desire for the United States and Europe to align on strategies towards China and Russia, and where possible, collaborate on global governance around technology and artificial intelligence, energy, natural resources and the climate. In the long-term, U.S. firms will also watch how Europe addresses its changing demographics, promotes new industrial investment, and raises productivity.



"The outcome of the EU parliamentary elections and the naming of new leadership in the EU Commission, combined with the results of the U.S. presidential and congressional elections in November, will require companies and other stakeholders to monitor changes in transatlantic relations in early 2025 and beyond, and be prepared to engage anew with policymakers in both markets."

Jim Meszaros, Executive Vice President,
International Public Affairs

What happens next?



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01.

CONSTITUTION OF PARLIAMENT

Negotiations on the formation of political groups need to be settled before the first meeting on 16 July, when the Parliament will elect its President and 14 Vice-Presidents, and determine the new structure and makeup of committee groups, based on the size of each political group.

03.

COMMISSION PRESIDENT ELECTION

The Parliament will then take on its first major task: approving the European Commission President-designate. This is set to happen on 18 July but could be delayed until September.

02.

EU TOP JOB APPOINTMENTS

European country leaders must agree on the nominee for the Commission Presidency, the European Council President and the EU's top diplomat. A final decision is foreseen on 27-28 June.

12 of the 15

EU leaders needed to secure the support of the Council already back von der Leyen

How we can help



INTELLIGENCE

- Post-election outcomes: **scenario presentations** on EU top jobs allocations and impact.
- **In-depth political and technical landscape analysis**, supported by analytics.
- **Detailed stakeholder mapping** of EU officials and legislators.



STRATEGIC COUNSEL

- **Policy analysis and insights** into regulatory risks and opportunities for all major business sectors.
- How to **plan for "Day 1"** of the new European Commission.



ENGAGEMENT

- Detailed **stakeholder engagement programmes**.
- **Development of campaigns** and engagement programmes with political groups.
- **Organisation of webinars, events** with EU officials and stakeholders.

Contributors

GET IN TOUCH



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