

## State of the Union: What could this mean for Europe's technology industries ?

Brussels, 10 September 2025



### Preliminary analysis

The overall guiding theme of the 2025 SOTEU speech was the urgent need for Europe to fight for its **independence**, in a world increasingly led by power dynamics. President von der Leyen tackled the issue of **defence** first, stressing that the EU must take responsibility for its own security. Defence was the area with the highest number of new initiatives announced by the Commission President. Competitiveness was the second area addressed by von der Leyen, with a strong emphasis on the need to **create lead markets** for clean technologies "**Made in Europe**".

The Commission President restated the need **to stay the course to deliver the Green Deal**, but only briefly and as part of her remarks on competitiveness. This is a clear sign of a fundamental realignment in which Europe's climate ambition remains unquestioned, but more emphasis is placed on the need to safeguard a **strong industrial base in Europe**. Von der Leyen also mentioned the need to build a true **circular economy** and to **cut energy prices**, including by turbocharging investments in energy infrastructure, which is welcome from an Orgalim perspective.

On competitiveness, the speech confirmed the current focus of the Commission on promoting the **decarbonisation of energy-intensive industries** (particularly steel), as outlined in the Clean Industrial Deal (CID). Since the publication of the CID, Orgalim has repeatedly warned that several of the planned measures in this respect could harm the competitiveness of downstream industries. Von der Leyen also singled out the automotive sector as strategic for the European competitiveness and announced a new "**Small Affordable Cars Initiative**", with a strong "Made in Europe" component.

While the Commission President did not mention CBAM explicitly, she stressed the need to maintain a level **playing field for industries in the process of decarbonising** and warned against the risk of the EU becoming dependent on imports of steel and fertilisers (two CBAM goods). She also underlined the need to **protect industries from unfair competition**, focusing again on steel and mentioning the upcoming new trade measure to address overcapacity and replace the existing steel safeguards.

Von der Leyen **underlined the ongoing Commission work on simplification**, but her remarks lacked the commitment expressed earlier this year. For the first time, she cited an estimate that the simplification measures proposed so far in

2025 will save European companies **8 billion euros annually** in bureaucratic costs. As a reminder, the Commission's target for the five-year legislative period is 37.5 billion euros for all companies.

On trade, Von der Leyen as expected defended the EU-US deal concluded on 27 July but **failed to mention the urgent need to find a solution for the Section 232 tariffs on steel, aluminium and copper**, which have a disastrous impact on our industries. On the other hand, we welcome the fact that she stressed the need to **diversify the EU's trade relations as a matter of priority**, including by ratifying the FTAs with **Mercosur** and **Mexico** and **finalising trade negotiations with India by the end of the year**. There was no mention of the EU-Indonesia FTA although there was a political agreement struck in July of this year.

## Summary and overview of key initiatives

### Competitiveness

President von der Leyen stressed that **Europe's independence will depend on its ability to remain internationally competitive** in turbulent times.

She stressed the importance of **massive investments in digital and clean tech**, via the EU Competitiveness Fund, the next Horizon Programme and a new multi-billion Scaleup Europe Fund. She mentioned the **Strategic Dialogues** held with key industries such as cars, chemicals, steel, pharma, defence and agriculture and she highlighted all the ongoing **"Omnibus" simplification initiatives** as a way to make business easier in the EU.

Von der Leyen also stressed the importance of the **Single Market** to promote Europe's competitiveness. She mentioned that, according to the International Monetary Fund, the remaining internal barriers within the Single Market are equivalent to a 45% tariff on goods and a 110% tariff on services and must be urgently addressed.

#### New initiatives announced

- **Single Market Roadmap to 2028 to ensure clear political deadlines**, focusing on capital, services, energy, telecoms, 28th regime, fifth freedom for knowledge/innovation.

#### Other relevant initiatives mentioned:

- **EU Competitiveness Fund** and a **doubled Horizon Europe budget**.
- **Multi-billion Scaleup Europe Fund**, in which the Commission will partner with private investors to fuel major investments in young, fast-growing companies in critical tech areas.
- **Already presented omnibus packages** to cut **€8 bn/year** in red tape
- Upcoming **omnibus initiatives for military mobility and digital**.
- **Digital Euro** to streamline payments for firms and consumers.
- **28th Regime** and accelerated **Savings & Investments Union** to ease scaling across borders.

### Digital transition

Von der Leyen stressed that developing a European AI is essential to ensure the independence of Europe, focusing on three building blocks: lay down **enabling acts on cloud/AI and Quantum**, invest at factory scale through **AI gigafactories**, and elicit **board level commitments from European tech leaders**.

**Relevant initiatives mentioned:**

- **Cloud and AI Development Act** and **Quantum Sandbox**.
- Investment in **European AI Gigafactories** to develop, train and deploy next-generation models.
- CEOs of largest European tech companies to hand over a [European AI & Tech Declaration](#) (published on 9 September), including a commitment to invest in EU tech sovereignty.

## Industrial Policy

Von der Leyen stressed that the future of clean tech, from steel to batteries, must remain in Europe. The creation of **lead markets** will be a centrepiece of the European approach, particularly via the introduction of “**Made in Europe**” criteria in **public procurement**. Von der Leyen also stressed the need to create a true circular economy and **move fast on the Circular Economy Act**, to contribute to Europe’s independence (e.g. on critical raw materials).

Von der Leyen stressed that the EU is on track to deliver 55% emissions reduction by 2030 and must stay the course to deliver on the climate ambition. She did refer to the Commission proposal for a 2040 Climate Target but **did not mention the 90% emission reduction ambition**. She stressed the importance of maintaining a **level playing field for European industries that are decarbonising** and warned against the risk of relying on imports (e.g. steel for cars or fertilisers for farmers).

Notably, von der Leyen announced an **Industrial Accelerator Act** for key strategic sectors and technologies, without providing additional details. This is likely to be an extension of the already announced **Industrial Decarbonisation Accelerator Act** (expected in Q4 2025). Following the SOTEU speech, specialised EU media outlets reported that the Cabinet of EVP Stéphane Séjourné provided additional details, clarifying that “*The scope [of the Act] would be larger than just decarbonisation*” and that the Act would “*tackle more sectors than just clean tech.*”

She stressed the need to **address steel overcapacity**, which is dramatically reducing the margins of the EU steel industry to invest in decarbonisation, mentioning the Commission’s plans to propose a new long-term trade instrument to **replace steel safeguards**.

**New Initiatives announced:**

- **Industrial Accelerator Act** for strategic sectors and technologies (likely extension of already announced Industrial Decarbonisation Accelerator Act).

**Other relevant initiatives mentioned:**

- “**Made in Europe**” criteria in **public procurement** to drive demand for clean EU products.
- **Global Gateway** investments to include **incentives for partners to buy European**.
- **Circular Economy Act**
- **2040 Climate Target** proposal.
- **Battery Booster package: €1.8 bn equity** to expand EU battery production.
- **New long-term trade instrument to address steel overcapacity** and replace existing steel safeguards.

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## Jobs, poverty & cost of living

Von der Leyen outlined the need for a strong social market agenda to align job quality with modern economies, tackle poverty structurally, and address the main household cost drivers: energy, housing, mobility, and food.

As part of this, she stressed the urgent need to **tackle high energy prices** for households and companies. Von der Leyen underlined the focus on generating more homegrown renewable energy (with nuclear as a baseload) and modernising infrastructure, while ending dependency on Russian fossil fuels.

Von der Leyen also stressed that **cars are a fundamental pillar of the European economy**, underlining that the Commission already gave the sector more flexibility to reach 2025 CO<sub>2</sub> emissions targets and will now prepare the 2035 review ensuring technology neutrality. The Commission President announced a new **"Small Affordable Cars Initiative"** to ensure Europe invests in small, affordable (electric) cars that are made in Europe, with European supply chains.

### New initiatives announced:

- **Energy Highways** to remove 8 critical bottlenecks in European energy infrastructure.
- **Small Affordable Cars initiative**

### Other relevant initiatives mentioned:

- **Grids Package** to upgrade grids and speed up permitting
- **2035 review of CO<sub>2</sub> emissions in cars**, ensuring technology neutrality.

## Trade

Von der Leyen staunchly defended the EU-US trade deal concluded on 27 July as an important step to avoid a dangerous tariff escalation. She stressed that the deal puts European companies at a relative advantage in the US market compared to foreign competitors. The Commission President also defended Europe's right to set its own standards in digital and environmental regulation.

Von der Leyen stressed that in the light of the shifting geopolitical environment, the EU will double down on trade diversification through new/updated FTAs and coalition building to reform global rules. There was no mention of the EU FTAs with Indonesia, Philippines, Thailand and Australia (currently under negotiation) nor the possible accession to the CPTPP agreement.

### New initiatives announced

- The Commission will propose a **partial suspension of the EU-Israel Association Agreement on trade-related matters**.

### Key initiatives mentioned:

- Advancing trade agreements with **Mexico** and **Mercosur**
- Finalise negotiations with **India** by end of the year
- Build a coalition of like-minded countries (e.g., **CPTPP**) to reform the global trading system.

## Ukraine & Defence

President von der Leyen strongly restated Europe's unwavering commitment to support Ukraine and put pressure on Russia, including via a new 19<sup>th</sup> sanctions package currently in the making. Also, she stressed that Europe must take

responsibility for its own security and ensure a credible European defence posture, with substantial investments in defence.

#### New initiatives announced:

- **Reparations loan** for Ukraine **backed by cash balances from frozen Russian assets**.
- **Qualitative Military Edge** programme to support investment in Ukrainian armed-forces capabilities.
- **Drone Alliance with Ukraine**, with €6 bn front-loaded from the Extraordinary Revenue Acceleration (ERA) loan to scale joint industrialisation of drones.
- **Eastern Flank Watch** to strengthen deterrence from the Baltic to the Black Sea, providing real-time space-based surveillance investments and a “wall of drones”.
- **New Defence Roadmap** to be presented at the next European Council: including new joint projects, clear 2030 targets, and a European Defence Semester.

#### Other relevant initiatives mentioned:

- **19th EU sanctions package** targeting Russia, focused on addressing Russia’s shadow fleet, third countries and faster phase-out of Russian fossil fuels.
- **Readiness 2030** plan mobilising up to €800 bn in defence investments.
- **SAFE programme** providing €150 bn for joint procurement on security and defence

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