Publyon

BEYOND PUBLIC AFFAIRS

The State of the Union 2025 – Europe's Independence Moment

On 10 September, European Commission President Ursula von der Leyen delivered her first State of the Union address under the current Commission's political mandate.

The speech served as both a check of her authority and a political roadmap for the year ahead. Framed as **Europe's 'Independence Moment'**, it outlined how the European Union will seek to strengthen security, boost competitiveness, and protect democracy in an increasingly volatile world.

A cautious and defensive tone

The speech was highly political but light on new legislative direction. It relied heavily on symbolism and emotional appeal, particularly through stories of Ukrainian children and European firefighters. The frequent use of the word "fight" underscored the combative framing.

Defence was given centre stage but highlighted the gap between ambition and EU competences. Competitiveness was couched in terms of independence but lacked clarity on financing. Social initiatives were bold in rhetoric but risk political resistance. Sustainability was strikingly sidelined.

Von der Leyen sought to protect herself by stressing unity and shared responsibility, while projecting an image of Europe fighting for its sovereignty. The focus was on consolidating existing priorities rather than launching new initiatives, reflecting caution and consolidation following the failed no-confidence vote in Parliament in July earlier this year.

Overall, the address was more about damage control than statesmanship.

A test of power and political direction

Defence and foreign policy accounted for nearly three-quarters of the address. Ukraine remained central, with proposals to finance military support through immobilised Russian assets, create a Drone Alliance, and mobilise major investments under the Readiness 2030 plan. A new Eastern Flank Watch was announced, along with promises to strengthen Europe's defence posture, though much of this remains dependent on Member State action and NATO.

Von der Leyen sought to present **competitiveness as a European sovereignty** issue. New initiatives included a Scaleup Europe Fund to help high-tech start-ups, a Battery Booster package, and "Made in Europe" procurement rules. She defended the EU–US trade deal as necessary stability while promising diversification through new trade agreements with India and Mercosur and coalitions with like-minded third countries. Nuclear energy was confirmed as part of Europe's long-term energy mix. However, the Commission offered few concrete solutions on how to mobilise the scale of financing needed, leaving open questions about Europe's ability to match global competitors.

During the address, **social policy received strong attention**. Von der Leyen announced the first European Affordable Housing Plan, a Quality Jobs Act, and an Anti-Poverty Strategy aiming to eradicate poverty by 2050. She promised to tackle the cost of living through new energy infrastructure and unveiled a "Buy European food" campaign to strengthen the position of farmers. These measures were framed as essential to social cohesion, but they will likely face subsidiarity concerns from Member States. Interestingly, children received quite some attention throughout the speech including when it comes to Ukraine, Gaza, algorithms, housing.
The speech **warned that democracy in Europe is under attack**. To counter this, von der Leyen promoted the European Democracy Shield and proposed a new Centre for Democratic Resilience, along with a Media Resilience Programme to support independent journalism. She also raised the possibility of restricting children's access to social media. On migration, she announced a tripling of funding for border management, new sanctions against smugglers, and a European Return System to strengthen enforcement.

Sustainability and climate policy, once the flagship of the Commission under the Green Deal, were under-represented. References to the European Green Deal were brief, with green priorities folded into industrial and trade policy rather than presented as a standalone agenda. This marks a notable shift away from the prominence given to climate in earlier speeches, with defence, competitiveness, and social measures taking priority.

What does the State of the Union address mean for industrial sectors and businesses?

- **Defence and aerospace industries:** The Commission's focus on Readiness 2030, the Drone Alliance with Ukraine, and dual-use infrastructure signals a strong push towards

European defence industrial integration. Defence contractors, aerospace firms, and drone manufacturers can expect greater procurement opportunities, but these will depend heavily on Member State buy-in. Companies should prepare for collaborative projects under joint procurement frameworks and position themselves for cross-border industrial partnerships.

- **Automotive and mobility sector:** The proposed initiative on small, affordable electric cars represents both an opportunity and a challenge. European manufacturers are encouraged to develop lightweight, low-cost electric vehicles with fully European supply chains. This could reshape demand across the automotive value chain, from battery producers and component suppliers to software developers. However, competitive pressure from Chinese imports will remain a central risk, making EU industrial policy support critical.

- **Energy and clean technology providers:** The Battery Booster package, Grids Package, and Energy Highways initiative point to new demand for renewable energy, smart grids, and energy storage technologies. Utilities, grid operators, and energy technology firms are likely to benefit from accelerated investment in infrastructure. Nuclear's recognition as part of the energy mix may also create opportunities for suppliers and service providers in that sector. Sustainability was under-represented in the speech, but clean tech remains central to industrial competitiveness.

- **Construction and housing industries:** The Affordable Housing Plan marks a step towards EU-level involvement in housing policy, with implications for construction firms, developers, and suppliers of building materials. Revised State aid rules and EU-backed investment could create new funding streams for residential projects, including student accommodation. Companies in the construction ecosystem should track how national governments align with the EU framework.

- **Agriculture and food industries:** The "Buy European food" campaign and safeguards in trade agreements are designed to protect European producers and reinforce domestic value chains. Food processors, agricultural cooperatives, and retailers may gain from increased promotion and protection, while importers could face tighter scrutiny and higher compliance costs.

- **Digital and technology sectors:** Artificial intelligence, quantum computing, and biotech were singled out as strategic sectors. The Scaleup Europe Fund offers new financing channels for start-ups and high-growth firms, while AI gigafactories aim to support model training and deployment within Europe. For digital platforms, however, the Democracy Shield and potential restrictions on children's access to social media may translate into additional regulatory and compliance burdens.