Competitiveness back at the centre

The 2026 State of the Union puts the Single Market and delivery at the heart of Europe's economic agenda

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In brief

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The 2026 State of the Union did not radically redefine Europe's competitiveness agenda. Its most significant message was instead one of **political prioritisation**.

Compared with last year, the order of priorities was visibly different. The 2025 State of the Union opened with a long discussion of war, Ukraine, European security and defence, before turning later in the speech to competitiveness and the Single Market. In 2026, the sequence was largely reversed. After setting out the broader geopolitical context, President von der Leyen moved immediately to the economy, explicitly describing kick-starting Europe's economy as the Union's "number one priority". The more detailed discussion of security, defence and Ukraine came much later in the speech.

The reversal also reflects a broader shift in the way **competitiveness is being framed: competitiveness is increasingly being presented not as a separate economic objective, but as part of Europe's response to geopolitical pressure**. Prosperity, economic independence and security are progressively becoming part of the same policy equation.

That shift was already visible in the first major policy reference. Von der Leyen turned directly to the **One Europe, One Market Roadmap**, stressing both the need to accelerate implementation and the commitment to complete the overhaul of the Single Market by the end of 2027. She explicitly linked the agenda to the work of the Letta and Draghi reports and argued that Europe continues to fragment its capital, networks and purchasing power.

This marks a change in the debate. The discussion is no longer primarily about identifying the barriers holding Europe back. The political framework is now in place. The European Parliament, Council and Commission have already agreed a common Roadmap, with initiatives, deadlines and a commitment to complete the agenda by the end of 2027. The focus is therefore shifting from **what Europe should do to how quickly it can actually do it**.

Three areas received particular attention: **finance, energy, and innovation and artificial intelligence**.

The discussion on **finance** was one of the most substantial elements of the competitiveness section. Von der Leyen reiterated the importance of the Savings and Investments Union and the need to create the conditions for European companies to attract investment and grow.

But she also recognised an important limitation. Building fully integrated European capital markets will take time, while the financing needs of European companies are immediate. The answer proposed in the speech is therefore to work in parallel on the banking system. The Commission will put forward a new **Banking Package**, focused on simplification and reducing fragmentation, with the explicit objective of creating a banking system that can support growth and display greater capacity and appetite for risk.

This is a relevant complement to the Savings and Investments Union. Europe's long-term objective remains deeper and more integrated capital markets. But the speech acknowledged that Europe also needs to use more effectively the financial infrastructure it already has if it wants to finance investment, innovation and scale in the short term.

Energy received equally strong emphasis, with a particular focus on **electrification**. Europe's exposure to imported fossil fuels was again presented not only as an energy problem, but as a competitiveness and independence problem.

Von der Leyen called for Europe to accelerate the shift towards domestically produced clean electricity and set the objective of doubling the share of electricity by 2040. But electrification alone is not enough. Electricity must also be able to move across Europe.

This is why the speech placed renewed emphasis on the **European Grids Package** and on addressing the bottlenecks that continue to prevent generation capacity from being connected and electricity from flowing efficiently across borders. Without integrated European energy infrastructure, Europe cannot fully translate its clean-energy capacity into lower prices, greater security and industrial competitiveness.

Another major part of the agenda concerned **innovation and artificial intelligence.**

AI was presented simultaneously as an economic technology and as a strategic capability. The speech focused both on the risks associated with frontier models and on Europe's need to remain in the technological race by expanding computing capacity, mobilising public and private investment and accelerating the use of AI throughout the real economy.

The emphasis here was not only on developing European models. Von der Leyen focused strongly on the deployment of AI in sectors where Europe already has industrial assets and data: health, transport, agri-food, advanced manufacturing, defence and space. The aim is to turn AI from a technological race into a productivity and industrial policy agenda.

The different strands of the agenda were also linked by **simplification**.

The Commission pointed to the administrative savings expected from the omnibus packages already presented, but von der Leyen also made clear that simplification cannot depend exclusively on action at European level. She placed greater responsibility on Member States and announced a "**pact against gold-plating**", aimed at tackling the additional regulatory burdens created when European rules are implemented nationally.

Operational details remain limited. If simplification is to produce tangible effects for European companies, implementation at national level will have to become part of the same effort as regulatory reform in Brussels.

A further important element came towards the end of the economic and social part of the speech. Competitiveness was not presented as detached from Europe's **social model.**

Von der Leyen explicitly returned to the European Pillar of Social Rights and linked it to a series of initiatives on quality **jobs, care, housing and the "right to stay"**. She announced investment in regions aimed at ensuring that people have the possibility to remain where they live, a European Care Deal, and further action on housing. She also announced, together with European Council President António Costa, a summit focused on the principles of the Social Pillar.

This social dimension is particularly relevant to the One Europe, One Market agenda. A more integrated Single Market cannot be understood exclusively through capital, energy and technology. Its political sustainability also depends on whether integration creates opportunities across territories and whether citizens can benefit from economic transformation without being forced to leave their regions in order to access them.

Trade also remained part of the picture. Von der Leyen highlighted the expansion of the EU's network of trade agreements and presented external partnerships as an increasingly important component of European economic security. She also went further on Canada, proposing to explore the possibility of making it the first 'associate member' of the European Union: an unprecedented form of closer integration whose contours remain to be defined. The speech, however, added less in terms of a new overall trade-policy framework than it did in the areas of finance, energy or technology.

What stood out most in the 2026 State of the Union was therefore not the announcement of a new competitiveness strategy, but **putting implementation at the centre of the political agenda**.

A year ago, von der Leyen announced that Europe needed a roadmap to complete the Single Market. Today that Roadmap exists, the three institutions have committed to it, and the deadline is clear: **the end of 2027**.

The next phase is about delivery. Many of the major initiatives are already identified, from financial integration and banking reform to energy grids, simplification and the digital and AI agenda. The test is whether the Union and the Member States can respect the agreed timelines and translate political commitments into tangible changes for companies, workers and citizens.

That change in emphasis is itself noteworthy. **Competitiveness has moved back to the beginning of the European political narrative. The task now is to turn that priority into results.**

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