

### News Recap

#### US and EU agree on 15 percent base tariff

Since April, the tariff dispute between the United States and the European Union has created uncertainty, with President Trump recently escalating tensions and threatening a 30 percent tariff on EU goods from early August. The EU prepared an extensive package of possible countermeasures, including additional duties on industrial and agricultural goods as well as export restrictions. At the same time, concerns grew within the EU that an escalation could harm not only the economy but also security policy, with some fearing that Trump might at some point question NATO's mutual defence commitment in the event of a dispute.

A breakthrough was finally reached on July 27, 2025. At a meeting in Turnberry, Scotland, Trump and European Commission President Ursula von der Leyen agreed on a basic framework. Instead of the threatened 30 percent tariffs, a base rate of 15 percent will now apply to most imports, including automobiles, semiconductors, and pharmaceuticals. Tariffs on steel and aluminium will remain at 50 percent. For several strategic products, such as aircraft, certain chemicals, semiconductor equipment, selected agricultural goods, and some critical raw materials, mutual zero tariffs were agreed upon. Furthermore, the EU will commit to purchasing \$750 billion worth of energy from the US within three years and to investing an additional \$600 billion in the US.

Experts are warning of a significant setback for the German economy, as the 15 percent tariffs will make exports in key sectors, such as the automotive industry, mechanical engineering, and pharmaceuticals, more difficult. Forecasts suggest German exports to the US could fall by nearly 16 percent, with an overall reduction in industrial value added of about 1.5 percent. As a result, GDP could drop by 0.2 percent.

Political reactions are mixed. Chancellor Friedrich Merz welcomed the compromise, saying it prevented an escalation and offered short-term planning security for Germany's export-oriented economy. Finance Minister Lars Klingbeil described the agreement as an important signal but emphasized that tariffs generally harm both sides and that open markets should be the long-term goal. Business representatives, on the other hand, called it a painful and costly compromise that could slow the economic recovery from the recession. (*Source: tagesschau, ZDFheute*)

## German production output is declining due to trade pressures

On August 7, 2025, the Federal Statistical Office Destatis reported that German companies significantly reduced their production in June. Output across industry, construction, and energy providers fell by 1.9 % compared to the previous month, reaching its lowest level since May 2020, when the pandemic triggered a sharp collapse. Economists had expected only a 0.5 % drop.

The downturn was worsened by a sharp revision to May's figures. Initially estimated at a 1.2 % rise, May's output was corrected to a slight 0.1 % decrease. Destatis said this unusually large adjustment was due to updated reports from several automotive companies that revised earlier production data.

June's decline was driven mainly by steep drops in machinery manufacturing (- 5.3 %), pharmaceuticals (- 11.0 %), and food production (- 6.3 %). Energy generation rose 3.1 %, supported by expanded solar power capacity. Over the second quarter as a whole, production contracted by 1.0 % compared to the first quarter, with both industrial and construction activity contributing to the fall.

The Ministry for Economic Affairs said part of the weakness reflects a reversal of front-loading effects earlier in the year, when export-oriented manufacturers such as German carmakers accelerated shipments ahead of planned US tariff hikes. With trade conditions worsening, demand for industrial goods from outside the eurozone being subdued, and no clear signs of recovery, the ministry sees little prospect for a sustained industrial rebound at the start of the third quarter. *(Source: Reuters)*

## EU launches consultation for Circular Economy Act

On August 1, 2025, the European Commission opened a public consultation and call for evidence for its forthcoming Circular Economy Act, part of its ambition to double the EU's circularity rate and position Europe as a global leader in circular practices by 2030. The initiative aims to address the EU's reliance on imported raw materials, low resource efficiency, and the environmental costs of the linear economy.

Despite the urgency, the EU's circularity rate has barely improved in over a decade, reaching 11.8 % in 2023 compared to 10.7 % in 2010. The Act's main objectives include creating a single market for secondary raw materials, increasing the availability of high-quality recycled content, and stimulating demand for these materials within the EU. The Act also aims to strengthen the single market for waste and recycled inputs by reforming end-of-waste criteria, simplifying and expanding producer responsibility

schemes, and introducing mandatory public procurement rules for circular goods and services. The consultation runs until November 6, 2025, with adoption of the Circular Economy Act targeted for 2026. *(Source: European Commission, ESG today)*

## Record-breaking IPO of Figma

Design software provider Figma delivered the most spectacular IPO of 2025 in the final week of July, with shares surging 250% on their first day of trading on the New York Stock Exchange. Priced at \$33 per share, above the increased range, the stock closed at \$115.50, briefly touching \$125, and continued climbing in after-hours trading to around \$143. The offering raised \$1.22 billion, valuing the company at nearly \$68 billion by the closing bell.

Founded in 2012 by Dylan Field and Evan Wallace, Figma has built a leading cloud-based platform for collaborative design and prototyping. It is used by 95% of Fortune 500 companies and has 13 million monthly active users. The company's tools enable teams to work in real time across platforms, a model accelerated by the shift to remote work. More than half of its revenue now comes from outside the U.S., and recent updates have integrated AI-powered features.

The IPO follows the collapse of Adobe's planned \$20 billion acquisition in 2023 due to regulatory pushback, a setback that brought Figma a \$1 billion breakup fee and strengthened its balance sheet. In Q1 2025, Figma posted \$228 million in revenue, up 46% year-over-year, and \$45 million in net income.

For early investors, the listing was a windfall: Index Ventures' stake is now worth \$7.2 billion, Greylock's \$6.7 billion, Kleiner Perkins' \$6 billion, and Sequoia's \$3.8 billion. Field, now a multibillionaire, also stands to unlock additional stock awards tied to price targets originally set over a ten-year horizon but already met within days of the debut. While analysts hailed the IPO as a landmark for the tech sector, some cautioned that such valuations may prove difficult to sustain, echoing lessons from previous high-profile listings. Nonetheless, Figma's market debut is seen as a strong signal of revived investor appetite for major tech offerings. *(Source: Business Insider, Handelsblatt, Wallstreet online)*

## US jury holds Tesla partially responsible for autopilot crash

A US jury found Tesla 33% responsible for a 2019 crash in Key Largo, Florida, where one person died and another was severely injured. The Tesla Model S, with Autopilot activated, ran a stop sign and collided with a stationary car. The driver claimed to have

been distracted by his phone and relied on the Autopilot system. Tesla was ordered to pay \$129 million in damages, of which Tesla must now cover 33%. Additionally, Tesla is required to pay \$200 million in punitive damages. The jury determined that the driver was 67% at fault, but he was not charged and will not have to pay his share. Tesla plans to appeal, arguing that the driver was solely responsible. The company warns that the ruling could hinder the development of driver-assist technologies. (Source: tagesschau)

## M&A/VC News

### DWP Bank acquires Berlin fintech Lemon Markets in strategic consolidation move

Deutsche WertpapierService Bank (dwpbank) announced the acquisition of Berlin-based fintech startup Lemon Markets on August 6, 2025, in a strategic move to enhance its securities service ecosystem with neobrokerage capabilities. Founded in 2020 by Max Linden, Lemon Markets had previously raised approximately €30 million from investors including Creandum, Lakestar, Lightspeed, and CommerzVentures, and will continue operating as an independent subsidiary under existing management. The transaction, subject to BaFin regulatory approval and expected to close in autumn 2025, positions dwpbank to better compete against established players like Trade Republic while reflecting the ongoing consolidation trend within European fintech as traditional financial institutions enhance their digital offerings through targeted acquisitions. (Source: Handelsblatt)

### Italian EdTech startup FABA secures €4.5M Series A for Spanish market expansion

Milan-based educational technology company FABA closed a €4.5 million Series A funding round on August 8, 2025, led by a consortium of three institutional investors to fund the company's expansion into the Spanish market. The capital injection will enable FABA to establish operations and localize its interactive digital learning platform in Spain, representing a significant milestone for the company's international growth strategy in the competitive European EdTech landscape. This investment aligns with the broader trend of European EdTech companies expanding across regional

markets, supported by increasing demand for digital education solutions and favorable regulatory environments for cross-border operations within the EU.

*(Source: Startup Rise)*

## Spanish SpaceTech Orbital Paradigm raises €1.5M Pre-Seed for reusable capsule development

Madrid-based aerospace startup Orbital Paradigm completed a €1.5 million pre-seed funding round, with participation from Akka, Demium Capital, Starburst, and id4 Ventures, to accelerate development of its autonomous reusable orbital reentry capsules featuring advanced ceramic heat-shield technology. Founded in 2023 by aerospace engineer Francesco Cacciatore, the company is developing cost-effective solutions for transporting valuable materials from orbit back to Earth, with its first prototype "KID" scheduled for initial testing by the end of 2025. This investment underscores growing investor confidence in European space technology ventures and positions Orbital Paradigm to capitalize on the expanding commercial space economy and increasing demand for orbital return capabilities. *(Source: inVenture Capital)*

## JD.com launches public takeover offer for European consumer electronics giant Ceconomy

Chinese supply chain technology leader JD.com announced a strategic public takeover offer for Ceconomy, one of Europe's leading consumer electronics retailers, in a landmark cross-border acquisition that aims to establish the dominant omnichannel platform for next-generation consumer electronics across European markets. The transaction, advised by Baker McKenzie with Dirk Horcher and Christoph Wolf serving as lead and co-lead partners respectively, represents JD.com's ambitious expansion into European retail markets, leveraging its technology and supply chain expertise to accelerate Ceconomy's digital transformation. This strategic investment partnership is positioned to combine JD.com's advanced e-commerce and logistics capabilities with Ceconomy's established European consumer electronics market presence, creating a formidable platform that could reshape the competitive landscape in European consumer technology retail. *(Source: JD, Ceconomy)*

## Outlook

### Earnings and key events

- 13.08.: Cisco Systems, E.On, Lenovo, Sixt
- 14.08.: LG, RWE, Thyssenkrupp
- 19.08.: Xiaomi, Xpeng
- 21.08.: Walmart, Zoom

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