

Joint Letter from Startup Communities on Liquidity for Startups

Dear Commissioner Vestager,

We, the undersigned representatives of startup communities, call on you to ensure that urgent COVID-19-related liquidity support for startup ecosystems is not delayed or blocked by EU legislation, in particular the [Temporary Framework for State Aid](#).

Our member associations stand ready to ensure the health and wellbeing of citizens in the unprecedented COVID-19 pandemic. As the most innovative economic actors in our economies, we believe startups are a key part of the solution to the challenges posed by COVID-19. To do this, it is critical to ensure that viable startups survive through this crisis by receiving liquidity support through, where necessary also in the form of State Aid, and that EU legislation does not impede Member States from rolling this out to startups.

Startups across Europe report that the Temporary Framework for State Aid is not yet giving enough flexibility to Member States to support startup ecosystems. For instance, the definition of an 'undertaking in difficulty' is intended to apply to loss-making businesses. Such a definition will often be enough to deny support being given to such a business. However many startups are loss-making by design in their first years, as they are taking a calculated bet on exponential growth and associated job growth that will emerge in the following years. Only taking the current cash flow into account belittles the economic potential of these startups and prevents them from receiving much-needed support. In doing so it can undermine the post COVID-19 recovery, as it is today's loss making startups which will be the driver for economic and job growth in the future.

While many financial packages have been promised, it is vital that startups receive the support that other economic actors are also receiving. Startups provide a key opportunity for our economies and societies to recover as we come out of COVID. They will play a central part in re-growing our economy and crucially in doing so on a more carbon-neutral footing.

This crisis is also an opportunity for innovation and a chance to take stock of the potential opportunities for future economic growth. Please count on the backing of startups and startup community leaders in this time of crisis. We look forward to working together with you in the future and are available for any questions you may have.

Kind regards,



Signed (in alphabetical order):

Alisson Avila, Beta-i

Benedikt Blomeyer, Allied for Startups

Nicolas Brien, France Digitale

Lucien Burm, Dutch Startup Association

Gianmarco Carnovale, Roma Startup

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Simon Schaefer, Startup Portugal

Ivan Vasilev, BESCO - The Bulgarian Startup Association

Allied for Startups is a worldwide network of over 40 advocacy organisations focused on improving the policy environment for startups. We are working together to create a consensus on policies that can positively impact startups and grow digital entrepreneurship and digital economy at large. Our mission is to ensure that the voices of startups are heard in government.