TRIO PAPER

Expectations from the Polish, Danish, and Cypriot
Startup Organisations for the EU Trio Presidencies
of the Council

Europe at a turning point in the Digital Decade

Europe is at a turning point in the digital decade, as its future competitiveness hinges on the success of startups. These innovative businesses are key to creating jobs and driving growth, yet they face growing regulatory barriers. EU decision-making struggles to keep up with rapid technological change, and instead of making rules simpler, the EU has ramped up its regulatory machine, making it even harder for startups to thrive—precisely when Europe needs them the most.

As startup organisations from Poland, Denmark, and Cyprus, we are therefore uniting to call for a bold shift in how the EU supports startups, scale-ups, and innovation during the upcoming EU Council Trio Presidency of Poland, Denmark, and Cyprus, beginning on 1 January. The time for action is now.

Europe's struggle to compete

With Europe's current challenges in global competitiveness, this Trio Presidency may well be the most critical in the EU's history, and a unique chance to shape a startup-friendly environment. More people recognize the need for change, but urgency and speed still lag behind. The next 18 months represent a once-in-a-generation opportunity to lay the groundwork for a stronger, more innovative Europe. Together, we present our vision and expectations for the Presidencies of our respective countries, emphasising the opportunity this trio has to prioritise innovation, empower entrepreneurial growth, and boost Europe's global competitiveness.

The timing for this presidency couldn't be more crucial. Since 2018, 50 European-founded companies have chosen to file for an initial public offering (IPO) in the United States rather than in Europe, and in 2021 alone, the US saw more Tech IPOs in 2021 than Europe had between 2015 and 2023. European companies seeking more supportive environments abroad have caused a total economic loss of 439 billion USD. Over 270 regulators and 100 tech-focused laws across digital networks have created a fragmented and complex system that stifles growth. Furthermore, Europe's economic disparity compared to the United States is striking: GDP per capita in the EU stands at $40,000, just half of the $80,000 per capita in the U.S.

Empowering startups to close Europe's innovation gap

One key contributor to this widening economic gap between Europe and the United States is a significant innovation gap between the two regions: While the United States invests significantly in new innovations that will create economic value in the future, Europe's investment levels are significantly lower – as observed in R&D spending. This lack of competitiveness is further evidenced by the absence of European companies among the world's 10 largest firms and the 12 most valuable unicorns. Only eight of the world's 100 largest companies are European, and none of Europe's 50 largest firms have been founded in the last 30 years. On top of that, Europe lags behind on eight out of 10 critical technologies of the future such as applied AI, future of programming, bio revolution, future of connectivity, computing and more.

These numbers underscore the urgency of change. The time has come to push back and advocate for a framework that fosters growth, encourages bold ideas, and positions Europe as a global leader in innovation. With fresh leadership in Brussels and a new mandate, it is time for bold action and visionary leadership to ensure that Europe becomes the best place in the world for entrepreneurs to start, scale, and succeed.

This position paper outlines 10 actionable recommendations that the three presidencies can champion to create a startup-first agenda. By prioritising innovation, reducing administrative burdens, and fostering transnational collaboration, the Presidencies can turn Europe into a magnet for talent, investment, and global leadership.

Key recommendations for a startup-first agenda during the presidencies

The 10 following recommendations have been developed to guide the Presidencies in creating a supportive environment for startups, ensuring that Europe becomes the best place to launch and grow innovative businesses.

1 Ensure coherent legislation and reduce startup reporting obligations by 35%

Bureaucracy is a significant barrier to growth, with 91% of startups identifying it as a major challenge. To address this, we call for a credible plan to reduce the reporting obligations by 35% for startups compared to the levels in 2023, transforming Ursula von der Leyen's commitment into actionable results with clear timelines and accountability mechanisms. This should involve stress-testing EU laws, simplifying and harmonizing key regulations like GDPR and the AI Act, and introducing competitive tests for new rules to assess startup impacts. With 88% of startups emphasizing timely EU regulation implementation for better exports, these steps, alongside digitizing compliance processes as highlighted by commissioner for implementation, Valdis Dombrovskis, will reduce fragmentation, lower costs, and foster innovation.

2 Accelerate the completion of the Savings and Investments Union

To support startups, the Savings and Investments Union (formerly known as Capital Markets Union) must address barriers to scaling and encourage institutional investors to allocate more funds to venture capital. This aligns with Albuquerque's focus on attracting private investments and creating a more dynamic funding ecosystem. With 89% of startups stating that better access to capital would benefit their growth, strengthening the Savings and Investments Union is critical to fostering innovation, enabling startups to scale, and driving Europe's economic competitiveness.

3 Develop a single registration system

Simplifying cross-border rules is key to a unified market, enabling startups to scale efficiently across the EU. With 88% of startups citing better and timely EU regulation implementation as critical for exports, reducing fragmentation is vital for growth. A single registration system, originally driven by advocacy from startup organizations and subsequently embraced by Commissioners McGrath and Zaharieva under the 28th regime, offers a transformative solution. It would enable startups to operate seamlessly across all Member States from day one. This system would reduce fragmentation, simplify compliance, and encourage scaling, creating a truly unified market for startups. With 93% of startups stating that common, unified regulations like the 28th regime would support their growth, implementing this system is critical.

4 Pause new tech regulations, and provide startups with proper advisory services to ensure true legal stability

To foster a predictable and supportive environment for startups, it is crucial to pause the introduction of new tech regulations and thoroughly assess the cumulative impact of existing ones on both the economy and the startup ecosystem, particularly for those seeking to scale. The EU's current regulatory landscape is currently overwhelmed with over 100 tech-focused laws and 270 regulators operating across Member States. This level of regulatory activity is disproportionately high compared to major competing regions. In addition to the need for a regulatory pause, startups need robust support systems to navigate the intricate legal and administrative environment. However, many struggle to access timely and effective advice, leaving them ill-equipped to manage these challenges. True legal stability will only occur from a dual approach: pausing new tech regulations and ensuring startups have access to the guidance they need to survive the current regulatory framework.

5 Improve public procurement processes to make tendering possible for startups

The new trio should prioritize making the yearly €2 trillion market in EU public procurement accounting for 14% of the EU's GDP, currently inaccessible to startups, accessible for them. Letta (p. 44) highlights that participating in public tenders is extremely difficult for startups due to administrative inefficiencies, local regulation and language barriers and unclear objectives and selection criteria. Startups are highly supportive of initiatives to ease participation in public procurement such as the streamlining of administration, make tendering digital and use AI to overcome language barriers. 89% of startups express that easier access to public procurement tenders would support their growth. Governments must leverage all available tools to enable startups to scale. The new Commissioners, Stéphane Séjourné and Ekaterina Zaharieva, could play an instrumental role in strengthening public-private partnerships through the Competitiveness Fund and revision of the Public Procurement Directive.

6 Strengthen transatlantic ties

Europe must build closer connections with Silicon Valley and other global tech hubs to access critical investment, talent, and cutting-edge technology. Drawing inspiration from the strong ties London and New York maintain in the financial sector, fostering transatlantic partnerships will enable European startups to leverage world-class opportunities and stay competitive. With none of the world's top 10 startup hubs located in the EU, strengthening these relationships is essential for positioning Europe as a leading player in the global innovation ecosystem. Here Europe should take inspiration from Asian startup ecosystems, which grew quickly by building international connections, attracting finance, talent, and best practices.

7 Provide robust support for startups leveraging AI

Artificial intelligence is one of those areas where Europe must get it right. AI has enormous potential, both in terms of economic benefits but also in enhancing Europe's global competitiveness at large. Targeted incentives and support for AI-driven startups are therefore essential to strengthening Europe's critical infrastructure, strategic autonomy, and economic future. However, in 2023, the EU invested only $11 billion in AI compared to $67 billion by the US, highlighting a significant gap. Overlapping regulations also present a massive burden on startups. 92% of startups say that the intersection between the enforcement of GDPR and the AI Act is challenging them to a great extent. The EU must therefore secure sufficient framework conditions around AI usage, training, development, and open-source accessibility to give startups greater independence in the ecosystem. In this regard, initiatives such as AI Factories and the Apply AI Strategy, announced by Executive Vice-President Virkkunen, are of utmost importance for startups leveraging startups. Startups also call for legal clarity around the processing of personal data for developing and training AI models and a pragmatic technology-neutral approach, allowing flexibility in order for AI to evolve rapidly and ensure sufficient access to data without unjustified barriers.

8 Ensure a Balanced Digital Future for Europe

Europe needs to find the right balance between privacy, and innovation to support European competitiveness. While the GDPR has set a global standard for data privacy, inconsistent implementation across EU member states has created significant challenges where startups are increasingly hesitant to innovate or invest in new technologies for fear of regulatory missteps. To reclaim its position as a global leader in innovation, the EU must focus on enforcing existing regulations more effectively rather than layering on additional rules, and recalibrate the balance between privacy and innovation. DPAs - as enforcers of GDPR - should also be required to consider consequences of startups and European competitiveness as a permanent standard when making decisions. Because an overly protective approach has not only stifled technological development but also contributed to one of Europe's most critical economic periods.

9 Develop an EU-wide digital identification system for startups

An EU-wide digital identification system for startups, using tools like the EUDI (European Digital Identity) wallet, is essential for streamlining compliance, reporting, and access to services across the Union. Simplifying administrative procedures will significantly reduce burdens and empower startups to drive growth and innovation. With 90% of startups stating that simplified processes would support their growth, this initiative represents a crucial step toward creating a more efficient and supportive ecosystem for startups within the EU.

10 Implement a coordinated strategy to attract global talent

Simplifying visa procedures and establishing clear pathways for skilled workers is vital to addressing the talent shortage faced by European startups. Over 60% of startups report significant barriers when recruiting talented workers, hindering their ability to scale and innovate.