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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	<i>Preparation of the Council (Competitiveness (Internal Market, Industry, Research and Space)) on 29-30 September 2025</i> Conclusions on the importance of research and innovation for the EU Startup and Scaleup Strategy - Approval

1. On 28 May 2025, the Commission adopted the communication “The EU Startup and Scaleup Strategy - Choose Europe to start and scale”¹, which presents a comprehensive set of actions to make the EU the best place in the world to launch and grow technology-driven innovative companies.
2. As a response to this strategy, the Presidency proposed the development of draft Council conclusions, with the aim to focus on the importance of research and innovation for the Union’s startup and scaleup ecosystem.

¹ COM(2025) 270 final

3. The Presidency proposal and its subsequent revised versions were discussed by the Research Working Party at its meetings of 3 July, 24 July, and 1 September 2025. Following an informal written consultation, the Research Working Party agreed on the text of the draft Council conclusions as set out in the annex to this note.
 4. The Permanent Representatives Committee is therefore invited to confirm the agreement reached at technical level, and to submit the draft conclusions, as set out in the annex to this note, for approval by the Council (Competitiveness) at its meeting of 30 September 2025.
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**DRAFT COUNCIL CONCLUSIONS ON THE IMPORTANCE OF RESEARCH AND
INNOVATION FOR ‘THE EU STARTUP AND SCALEUP STRATEGY’**

THE COUNCIL OF THE EUROPEAN UNION

RECALLING

- its conclusions of 2 December 2022² on the New European Innovation Agenda, recognising that innovative startups and SMEs are key actors in transforming the European economy and the need to improve access to scaleup financing;
- its conclusions of 23 May 2024³ on strengthening knowledge valorisation as a tool for a resilient and competitive industry and for strategic autonomy in an open economy in Europe;
- its recommendation on the ERA Policy Agenda 2025-2027⁴, which sets out actions relevant for the start-up and scale-up strategy, such as for knowledge valorisation, research and technology infrastructures, sustainable research careers, gender equality and inclusiveness, industrial transformation or the reform of research assessment;
- the European Council Conclusions of 26 June 2025⁵, welcoming the Commission’s ‘EU Startup and Scaleup Strategy’ and calling for the work on implementation to begin swiftly.

TAKING NOTE OF

- the Letta report of April 2024 ‘Much more than a market’, highlighting the need to strengthen financial support to startups and scaleups;

² 15602/22.

³ 10182/24.

⁴ OJ C, C/2025/3593, 30.6.2025.

⁵ EUCO 12/25.

- the Draghi report of September 2024 ‘The future of European competitiveness’ emphasising that Europe has many talented researchers and entrepreneurs, but lacks dynamism to translate innovative ideas into commercial successes and needs to improve the conditions for breakthrough innovation in its common R&I programmes;
- the Heitor report of October 2024 ‘Align, Act, Accelerate’ calling to boost Europe's global competitiveness by fostering impactful research, innovation and scaleups and avoiding entrepreneurial brain drain and missed opportunities for the local European ecosystem;
- the results of the Horizon Europe interim evaluation⁶ showing that despite 20% of the overall funding being allocated to SMEs, a persistent funding gap in the scale up phase remains a challenge together with knowledge valorisation.

AN AMBITIOUS STARTUP AND SCALEUP ECOSYSTEM FOR EUROPE

1. WELCOMES the startup and scaleup strategy as an important milestone in reinforcing European competitiveness and boosting innovation. STRESSES that concerted and bold action is urgently needed to close the innovation gap with global competitors and within the Union, to ensure continued high welfare, economic security, and strategic autonomy while preserving an open economy in the Union. RECALLS the complex dynamics of innovation ecosystems requiring the involvement of many actors along the value chain and well-functioning feedback loops from innovators to research. EMPHASISES that making progress on ERA structural policies and ERA actions can contribute substantially to the objectives of the startup and scaleup strategy.
2. ENCOURAGES the Commission, in cooperation with Member States, to rapidly come forward with simple and practical definitions of startups, scaleups, mid-caps, innovative companies and undertakings in difficulty. RECOGNISES the significance of the future definitions for regulatory and funding purposes. RECALLS the Commission’s ambitions to reduce red tape in regulations and reporting requirements, simplify their practical implementation and reduce administrative and economic burdens for the benefit of stakeholders, in particular SMEs.

⁶ 8526/25.

3. RECOGNISES the importance of a whole of government approach to support, attract and retain startups and scaleups in Europe and for the implementation of the strategy. ACKNOWLEDGES that many of the actions set out in the strategy go beyond the scope of research and innovation (R&I) and will be further developed through other acts, as proposed by the Commission. Therefore, focuses these conclusions on the activities related to R&I to draw due attention to the importance of this segment of the value chain in terms of delivering on the strategy.

ENABLING A STRONG R&I FOUNDATION

4. HIGHLIGHTS the importance of ensuring predictability and coherence of funding programmes, strategies and regulations to provide startups, scaleups and investors with a trustworthy environment thus facilitating long term planning. UNDERLINES the need for stimulating entrepreneurship and willingness to take risks, including the right to fail and restart after failure. ENCOURAGES startups to pursue ambitions for growth and CALLS for the Union and Member States to ensure adequate framework conditions.
5. ACKNOWLEDGES that strong research and innovation ecosystems originating from higher education institutions and research performing organisations, play an important role in supporting the creation and growth of startups and scaleups by providing access to talent, essential infrastructures and related services. STRESSES that these ecosystems are crucial for ‘retaining, anchoring and scaling’ academic spin-offs and startups, in particular deep-tech companies, in the Union. The long-term collaboration between higher education institutions and research performing organisations and industry in such ecosystems enables knowledge valorisation and transfer. ENCOURAGES, among others, European Universities’ Alliances to strengthen their activities related to innovation and knowledge valorisation.

6. RECOGNISES that the application of current State Aid rules poses challenges for higher education institutions and research performing organisations to support startups emerging from within their ecosystems, particularly when providing access to services and infrastructure or transferring intellectual property rights to these startups. RECOMMENDS the Commission and Member States to look for solutions within the current regulatory framework. WELCOMES further guidance from the Commission to Member States on implementing State Aid rules and REQUESTS this guidance to address the implementation of current State Aid rules related to higher education institutions and research performing organisations.
7. AFFIRMS the central role of higher education institutions and research performing organisations in delivering excellent research and world-class education, while also driving innovation through support for knowledge and technology transfer and entrepreneurship. UNDERLINES the role of well-resourced Knowledge and Technology Transfer Offices (KTOs) in fostering and supporting collaboration between higher education institutions and research performing organisations and businesses and in moving research into market-ready innovations and spin-offs. ACKNOWLEDGES the Commission's plans for developing a blueprint for licensing, royalty- and revenue-sharing and equity participation for higher education institutions and research performing organisations and their investors when commercialising IPs and creating spinoff companies. INVITES the Commission to identify means to reinforce exploitation in the Union of research results funded by EU programmes.

FOSTERING, ATTRACTING AND RETAINING TALENTS AND SKILLS

8. WELCOMES the strong focus on talent and skills in the strategy and RECOGNISES that a strong startup and scaleup ecosystem requires a highly skilled workforce in areas such as science, technology and engineering, as well as legal, commercial, and financial expertise. ENCOURAGES Member States and regions to support higher education institutions and research performing organisations to strengthen innovation and entrepreneurial skills within curricula and training programmes, whilst respecting academic freedom, institutional autonomy and national competences. Closing the gender gap is essential as a matter of social justice and strategic investment in the competitiveness and productivity of the Union. STRESSES the importance of advancing gender equality and promoting women's participation, entrepreneurship and leadership in innovation and start-ups. Innovation and entrepreneurial skills are not only relevant for students and academic staff, but also for administrative staff responsible for supporting research and innovation, knowledge transfer and valorisation in higher education institutions and research performing organisations. STRESSES the need for capacity building, exchange of experience and sharing of good practice. NOTES that transnational networks of higher education institutions and research performing organisations can play a key role in achieving these objectives. RECOGNISES the role of the European Institute of Innovation and Technology (EIT) in this context.

9. REMINDS that the challenge is not only to attract talents, but also to foster and retain talents in the Union. WELCOMES the Commission's 'Choose Europe' initiative and ENCOURAGES the Commission to build on existing programmes and instruments such as ERASMUS+, the European Research Council (ERC), Marie Skłodowska-Curie Actions and EURAXESS, complementing national and regional competences and initiatives. HIGHLIGHTS that non-EU researchers attracted to higher education institutions or research performing organisations should also be able to transition into entrepreneurial roles or employments in startups, scaleups or larger industries seeking their expertise. AGREES on the need to reward researchers in their career not only by number and impact of publications, but equally for the scientific value for their efforts in knowledge transfer and valorisation, commercialising of their results and engaging in knowledge sharing dialogue with policy makers and citizens. ACKNOWLEDGES the importance of the ongoing work under the Coalition for Advancing Research Assessment (CoARA) initiative. UNDERLINES that these efforts should be pursued in line with appropriate safeguards for research security⁷. ENCOURAGES the Commission to build on existing incentives to reward researchers in the announced blueprint for an academic career development framework, provided the blueprint is implemented on a voluntary basis.

ACCESS TO INFRASTRUCTURES AND NETWORKING OF ECOSYSTEMS

10. REITERATES the importance of state-of-the-art, visible and easily accessible research and technology infrastructures for a well-functioning and competitive R&I ecosystem in the Union. REQUESTS the Commission to make best use of the ongoing mapping of infrastructures and share the results on a user-friendly and regularly updated platform. WELCOMES the proposed 'Charter of Access for industrial users' to facilitate Union and Member States support to startups and scaleups in accessing relevant regional, national or cross-border infrastructures and their related services. CALLS on the Commission to suggest how the Charter of Access should be implemented at Union, national, and regional level.

⁷ OJ C, C/2024/3510, 30.5.2024

11. WELCOMES the idea of reinforcing networking and collaboration of European startup and scaleup hubs, building on existing initiatives, such as the European Universities' Alliances and Rise Europe, Startup Europe and the European Startup Nations Alliance (ESNA). RECOGNISES that it requires national, regional and local prioritisation and engagement to foster and maintain these hubs and RECALLS the need to connect regional innovation valleys across the EU as reflected in the New European Innovation Agenda. STRESSES the important contribution of private and public funding to reach the 3% GDP target for R&D and ENCOURAGES larger industry to engage with startups and scaleups and establish business relationships to retain homegrown innovation.
12. ENCOURAGES the Commission to take advantage of digital technologies to promote the interconnectedness of hubs across the Union. PROPOSES that a network of hubs engages in the following best-practice sharing activities to harmonise the support to startups and scaleups in the Union: startup and scaleup ecosystems developments, collaboration and open innovation between higher education institutions and research performing organisations and startups, scaleups and larger companies, FAIR data principles, management of seed funding, access and coordination of Union, national, regional, and local funding systems, and improving access to finance, including risk-financing. A network should further promote the uptake of the Charter of Access for industrial users and provide advice on access to research and technology infrastructures, on management of Intellectual Property Rights and applicable State Aid rules. HIGHLIGHTS the importance of also providing well-targeted support to SMEs in their internationalisation and access to global markets, as demonstrated by the EUREKA network.

13. RECOGNISES the importance of regulatory sandboxes to facilitate market entry of innovations by supporting innovative startups and scaleups in developing and testing new ideas, assessing regulatory compliance of new technologies, products and solutions, improving regulatory learning, as well as issuing recommendations for overcoming regulatory hurdles. ENCOURAGES the development of clear, efficient and unbureaucratic rules for regulatory sandboxes, including Union-wide sandboxes, in coherence with existing instruments and standards, such as IPR and environmental protection, in the forthcoming proposal for a European Innovation Act. RECOMMENDS the Commission to develop a sound methodology and processes for the rapid and effective implementation of regulatory sandboxes.

BRIDGING FINANCIAL GAPS IN THE VALUE CHAIN

14. RECOGNISES the role of the European Innovation Council (EIC) in supporting innovative European startups and scaleups and WELCOMES the announced simplifications of its rules and NOTES the Commission's intention to draw inspiration from Advanced Research Projects Agency (ARPA) like practices. AGREES that the scale-up financing gap should be reduced as quickly as possible. TAKES NOTE of the reasoning for a Scaleup Europe Fund, to be set up as part of the EIC Fund in collaboration with the private sector, to help bridge the financing gap of deep-tech scale-up companies. INVITES the Commission to provide more information about the Scaleup Europe Fund and to position it clearly in the overall funding landscape with synergies to other Union instruments, in particular InvestEU, as well as national and regional instruments. CALLS on the Commission to swiftly propose the Scaleup Europe Fund's set-up and governance structure and sources of finance, as well as the strategic sectors to be supported under the current Multiannual Financial Framework (MFF), without prejudice to the negotiations on the post-2027 MFF.
15. RECOGNISES that, in line with the subsidiarity principle, initial funding rounds targeted at the early stages from ideation to startup creation should be covered at national/regional/institutional level. INVITES the Commission, Member States, and regional authorities to explore synergies with relevant cohesion policy measures.

16. INVITES the Commission to simplify the landscape of funding instruments and service platforms for startups and scaleups, as well as the landscape of mobility instruments for students, researchers, entrepreneurs and workers under the current MFF. INVITES the Commission to establish a ‘one stop’ platform for beneficiaries to find, compare and access the best option in a resource efficient way. Information about national programmes and their access requirements and information on resources, including venture capital and other private investments for startups and scaleups, should also be integrated to the extent possible. HIGHLIGHTS that coordination with relevant stakeholders is key to avoid duplication. RECOMMENDS that the Commission considers introducing proof of concept or proof of market options for all relevant Union funded R&I projects and not only within the ERC and EIC. ENCOURAGES the Commission to find new methods to raise awareness and promote the use of innovative technologies in the public and private sector. ADVOCATES a more proactive use of pre-commercial procurement to establish interfaces between innovators and procurers in the public and private sector.

A STRONG IMPLEMENTATION

17. CALLS on the Commission, in collaboration with Member States, to identify emerging trends, disruptive technologies and market failures across Union, national, and regional programmes and disseminate the findings across these programmes. ENCOURAGES the Commission and Member States to engage in close dialogue on future strategic priority areas for programming, based on the acquired evidence.
18. WELCOMES the announced European Startup and Scaleup Scoreboard and the set of Key Performance Indicators (KPIs) and SUGGESTS exploring synergies with the ERA monitoring framework and other relevant instruments. INVITES the Commission to include strategic sectoral breakdowns for the KPIs, as well as indicators reflecting the contribution of higher education institutions and research performing organisations. HIGHLIGHTS the importance of the availability and openness of data, and clear methodologies for data collection. REQUESTS a weighting based on population size to be applied for optimal cross-country comparisons.

19. REQUESTS the Commission to regularly report to the Member States about the implementation of the strategy and INVITES the Commission and Member States to set-up an adequate coordination and monitoring mechanism for the Startup and Scaleup Strategy, taking into account existing fora, such as the EIC Forum, and with the objective of alleviating reporting burdens.
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