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## **WORKING DOCUMENT**

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**From:** General Secretariat of the Council  
**To:** Working Party on Research  
Working Party on Competitiveness and Growth (Internal Market)  
Working Party on Competitiveness and Growth (Industry)

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**Subject:** Alignment of two upcoming strategies: Single Market Strategy and Start-Up and Scale-Up Strategy - Contributions from Member States

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# Alignment of two upcoming strategies: Single Market Strategy and Start-Up and Scale-Up Strategy

## BELGIUM

Working Party on Competitiveness and Growth Industry (+ Research & Internal Market)

10 April 2025

*BE Speaking Points*

### 1. Alignment of two upcoming strategies: Single Market Strategy and Start-Up and Scale-Up Strategy.

*Main bottlenecks start-ups and scale-ups face to grow in the EU Single Market, and how do Member States deal with them?*

- Belgium has recently launched a study examining the challenges faced by start-ups and scale-ups. Its preliminary results, along with our administrations' expertise, inform our answers to the questions. In terms of bottlenecks:
  - There is not enough capital made available to start-ups for several reasons: Not from venture capitalists primarily for certain industries (low initial return and high demand in capital), not from institutional funds and not from owners of private savings. There is a need for an EU venture capital market and for more equity financing.
  - Fragmentation in EU markets, in capital and labor mobility is a fundamental problem. The same goes for the lack of market access, as well as administrative complexities (such as permits).
  - EU funds and funding should be improved for easier - access and navigation. More coordination between EU, national and regional funds would be helpful.
  - Public procurement must be improved, when it comes to speed of payments and the process, size of the tenders, or technical requirements; There needs to be a role for the public innovation procurement instrument as mentioned by the Draghi report. Start-ups need to be made aware and supported to access public tenders.
  - Attracting and retaining talent, and boosting the entrepreneurial mind- and skillset, at school, university and elsewhere.
  - A lack of knowledge valorization. This could be remedied by investing in more technology transfer capacity, or co-creation between corporates and start-ups.
  - Finally, we could benefit from the development of strategies to support regional, national and European innovation ecosystems to facilitate business innovation.
  
- Finally, let us also take this opportunity to commend the work of the EU Start-up Nations Alliance.

*How can we avoid the relocation of start-ups and scale-ups out of the EU?*

- First, in general we need an attractive innovation ecosystem to provide a favorable environment for innovation at the European level, with adequate framework conditions for business growth. These

include access to markets, talent, knowledge, finance, and access to technology and demonstration facilities.

- We therefore look forward to the Commission's proposed 28th regime and the Single Market Strategy and welcome the objectives of the Savings & Investment Union and the Start-up and Scale-up Strategy. We also underline the importance of the fifth freedom and look forward to the EU Research Area Act. We believe that these initiatives could make a significant difference.
- Ongoing initiatives such as programs developed by the European Innovation Council and European Investment Fund do make a difference and are a way forward to supporting the financing of innovative start-ups and scale-ups. We need to strengthen synergies between support programmes to maximise their impact.
- We also believe that academic freedom and the stability of the economic and political system in Europe should be leveraged to attract top foreign talents. It is an opportunity to help accelerate the growth of our start-ups and scale-ups' ecosystem and to develop more European-based technical and technological solutions.

## ESTONIA

### Alignment of two upcoming strategies: Single Market Strategy and EU Start-up and Scale-up Strategy – EE written contribution

#### 1. *What are the main bottlenecks start-ups and scale-ups face to grow in the EU Single Market, and how do Member States deal with them?*

- The main bottlenecks and challenges that startups and scaleups face in the EU are access to finance, talent and markets as well as regulatory burden and fragmentation in the Single Market.
- Regardless of the economic climate, startups – both in early and growth stages – continue to face limited access to venture capital (VC) and a lack of diverse financing instruments, particularly in fields such as deep tech. Also, the limited involvement of pension funds and institutional investors is a challenge. European pension funds have invested little in startups and VC, thus limiting access to capital.
- Additional bottlenecks also include rapid technological developments outpacing policy frameworks thereby creating uncertainty and compliance complexity; lack of know-how and experts in certain sectors such as deeptech, biotech, defence and spacetech; lack of regulatory sandboxes (e.g. for flying drones without having to comply with strict civil aviation rules); and lack of increased transparency of local business registers across the EU in order to allow VC funds access to business data both for compliance and due diligence purposes in English.
- Finally, employee stock options are essential for retaining and motivating talent. However, stock option policies vary greatly across the EU, making it difficult to offer competitive packages to attract talent.
- Regarding how Member States deal with these bottlenecks, in Estonia we have focused on a business-friendly environment, which includes for example well-functioning e-services (e.g., one can start a company online in 15 minutes) and a business-friendly tax system. We have also significantly digitalised and streamlined the entire reporting process for enterprises. With this, we have reduced the data fields companies need to fill out by 90%. Our new government is also putting increased focus on simplification and removing unnecessary regulations and reporting obligations.

#### 2. *How can we avoid the relocation of start-ups and scale-ups out of the EU?*

- In general, by simplifying the legal framework for doing business in the EU.
- We need to provide a Single Market for innovative companies to scale up and grow as stated by the Draghi report. Startups and scaleups are especially stunted by the fragmented Single Market and costs to comply with different requirements. We are looking forward to an ambitious horizontal Single Market strategy with concrete actions and timelines to address concrete barriers.
- In the short term, startups and scaleups could benefit from an AI-based expansion tool that would bring together existing information to provide companies an overview of which

specific requirements apply to providing specific goods or services in different Member States.

- Regarding funding, there is a need to simplify application processes for public funding and ensure support for all stages of a company's development. Support also needs to be sector-specific and tailored to needs. For example, IT, deep tech, health tech and many other sectors follow very different and specific trajectories. Firms with a hardware or product component need to adapt to development, production and deployment conditions, but face a funding "death trap" before reaching the market and have very specific needs at each stage.
- Also need to improve access to capital, including VC. Companies need alternative and diversified sources of finance, especially where there are high investment needs, where there is not enough VC or where the VC investment model is not always appropriate. For example, creating a European stock exchange, or integrating deeper the existing ones would give fast-growing tech companies better access to local capital and create better conditions for public offerings in Europe. European companies, including startups, often prefer to go public in the United States (US), where liquidity is higher and raising capital is easier. A key shortcoming of the EU is the absence of a unified and competitive pan-European stock exchange that could provide an alternative to the US Nasdaq.
- Moreover, European capital markets currently do not sufficiently support large exits, resulting in many successful startups being sold to the US market or failing to exit fast enough for VC funds. This, in turn, prevents funds from offering liquidity to their investors, reducing fund performance and hindering their ability to raise capital for future funds. The M&A market in Europe is less active than in the US, partly due to the lack of large European corporations and private equity funds that could acquire startups. A deeper issue is that such large corporations will continue to struggle to emerge in the EU if successful startups are unable to stay in Europe due to capital market shortcomings.
- We also must focus on attracting and retaining highly qualified talent. There is a need to simplify hiring, both from within Europe and abroad. Clear and competitive rules for providing employees stock options would also be helpful in this regard.
- Finally, we need to increase cooperation between different EU regions as well as between universities and startups in order to increase vertical know-how, especially in fields like deeptech, biotech, space and defence tech.

## GREECE

### Working Party Competitiveness and Growth

10 April 2025,

with the attendance of Members of the WP on Competitiveness and Growth (**Internal Market**) and the WP on **Research** (JUMBO meeting)

**EL comments on the “Alignment of two upcoming strategies: Single Market Strategy and Start-Up and Scale-Up Strategy” (WK 4471/2025)**

#### 1. What are the main bottlenecks startups and scaleups face to grow in the EU single Market? How do member states deal with them?

As for the 1<sup>st</sup> question, we think that the main bottlenecks are: access to finance, risk finance, securing funding, access to markets, administrative/regulatory complex barriers both at EU and MS level, a not encouraging business environment and lack of skilled personnel, in particular in cutting edge technologies, to mention the most important.

Greece, being a small market, has been trying to address those challenges using, among others, the following instruments:

- **Access to finance:**

With the creation of the National Sovereign Fund of Funds, managed by the Hellenic **Development Bank of Investments** (HDBI), with a budget of 2.1 billion assets. The Bank is under the management of the ministry of finance. The budget is splitted between venture capital and equity funds.

Another 200 million euros have been secured from structural and investment funds for the establishment of new VCs dedicated on targeted sectors such as Biotech, GreenTech and Social Innovation.

With an upgraded tax incentives scheme encouraging Angel investors to invest in the early-stage startups.

With a new **Start Up Golden visa scheme** recently enacted. The new Startup Golden Visa option, launched in 2025, requires a minimum investment of €250,000 in a tech-focused startup, registered in the National Startup Register (“Elevate Greece”). According to the scheme, the investment must create at least two jobs within the first year and maintain them for five years.

- **Enabling Access to Markets:** Startups and Scaleups in Greece, struggle to participate in public procurement procedures, expand on international markets or working with corporates and make use of the 7 very active European Digital Innovation Hubs in order to create capacity building, Digital Transformation Support Networking Opportunities, proposal assistance and access to information.

**Innovation procurement in Greece:** The national legal framework has been evolving to support the adoption of cutting-edge technologies and solutions in public projects. In particular Greece has been implementing 2 laws since 2016 and 2022 respectively, governing public procurement with the aim to encourage innovation.

- **Regulatory barriers:** We think that it is necessary to **define** the start-ups at EU level. We also believe that at both EU and MS level, action should be taken not only to reduce but also to prevent legal administrative/regulatory barriers to the extent it is possible. In this spirit we support the **introduction of the 28th regime** since, in our view, it could significantly impact several sectors, particularly those that face complex regulatory challenges and operate across borders.

## 2. How Europe can avoid relocation of start-ups and scale ups out of the EU

As for the second question: we could avoid relocation of start-ups and scaling up business out of EU, by making **access to finance easier**, not only remove, but also prevent administrative/regulatory barriers, enhance international and cross border cooperation, improve and modernize the entrepreneurial culture across Europe, supporting skilling, upskilling and reskilling, on cutting edge technologies and vocational training. Trying to achieve these objectives along with new instruments, it is useful to make better use of the existing ones.

**Finally**, it is important to emphasize that the expansion of start-ups and scale-ups within the EU is closely linked to the overall business environment and the persistent financing gaps affecting **SMEs** across the region. European SMEs continue to face significant funding shortfalls, which vary widely between Member States. These gaps must be addressed through targeted initiatives to advance the completion of the **Capital Markets Union**. We should also continue our efforts to close the innovation gaps inside the EU, providing equal access to infrastructure and services to start-ups and scale-ups from all EU regions.

## MALTA

### Single Market Strategy

Malta welcomes the renewed focus on the Single Market Strategy. The challenges are well-documented, and while identifying barriers is important, what we truly need is concrete action to remove them. The European Commission's 2020 Communication on Single Market barriers remains relevant, particularly in services, which make up 40% of Europe's industrial value-added. Yet, despite progress, 60% of the barriers faced by service providers two decades ago still persist. We must do better.

### From Identifying Barriers to Resolving Them

Tools like SOLVIT and the Single Market Barriers Tracker are important for highlighting problems. However, they fall short in triggering real solutions. A case being marked as "resolved" does not always mean the problem has been fixed—only that the complainant was redirected elsewhere. We must ensure that such mechanisms do more than just track problems—they should also lead to structural reforms that prevent these issues from recurring.

Consequently, Malta welcomes the Single Market Barriers Tracker under the Single Digital Gateway, as it provides useful data on obstacles businesses and citizens face. However, this must not be a mere statistical exercise—we must actively work on breaking down barriers one by one. Let's ensure that the Terrible 10 barriers recently identified by the Commission are only the beginning of a deeper effort to eliminate obstacles, not just document them.

The Single Market must be built on interoperable, efficient systems that reduce red tape rather than create it.

### Malta's Priorities for the Single Market Strategy

Moving forward, Malta supports a Single Market Strategy that prioritizes:

- The elimination of unjustified cross-border barriers while maintaining necessary national flexibility,
- Investments in skills, innovation, and R&D to boost European competitiveness.
- Enhancements of mutual recognition and standardisation without excessive homogeneity that disadvantages smaller Member States.
- Further simplification and streamlining of regulation and enhancing predictability and transparency particularly in areas like professional qualifications.
- Reducing administrative burdens through digital solutions, such as a seamless EU-wide e-declaration system.
- Balanced objectives between decarbonisation and economic competition, to ensure equitable access to the Single Market
- Lower operating costs particularly in relation to energy prices and in the specific case of Member States like Malta, the cost of connectivity.

Furthermore, Malta remains open to discussions on proposals such as the 28th regime outlined in the Draghi Report, **provided that tax-related matters remain in the appropriate fora.**

The Single Market is one of Europe's greatest achievements, but it must evolve to meet modern challenges. By moving from identification to resolution of barriers, embracing digital solutions, ensure that no one is left behind and that businesses can truly benefit from a seamless market, we can deliver real value for businesses and citizens alike.

### **Start-Up and Scale-Up Strategy**

The upcoming EU Startup and Scaleup Strategy is considered a crucial step toward enhancing European competitiveness and closing the innovation gap. In recent years, Malta has strengthened its startup ecosystem, introducing initiatives to attract founders, core employees, and investors while ensuring a supportive business environment, developing key frameworks and providing schemes in equity simplification, fiscal incentives, human capital, and dedicated startup offices.

We believe that the regulatory environment should support emerging industries and ensures that investment and innovation are incentivised. These should be supplied with a pool of talent that is equipped with the right skillset to succeed in the EU.

For startups to truly thrive in the EU, a stronger, more integrated financing framework is essential. The EU must work toward a single private market for startup financing, reducing cross-border restrictions linked to differing regulatory frameworks. This would enable Europe to achieve economies of scale, enhance investment attractiveness, and prevent promising startups from relocating outside the EU.

We therefore look forward to working with the European Commission to ensure that the Startup and Scaleup Strategy creates real opportunities for businesses across all Member States. The strategy - and any future accompanying legislation - should be in line with the simplification agenda and provide a solid framework to reduce bureaucratic barriers and compliance costs, particularly for SMEs. Legislation must also be backed by comprehensive impact assessments and be in line with the respective competences under the Treaties.

## THE NETHERLANDS

**NL contribution on the Start-Up and Scale-Up Strategy** during Working Party on Competitiveness and Growth (Industry), 10/04/2025

- Brainport's presentation accurately illustrated the crucial role of research and innovation ecosystems in boosting European competitiveness, through the inherent collaboration within these ecosystems between start-ups, scale-ups and others such as industry and universities.
- Insufficient access to finance and restrictions in the internal market are the biggest obstacles for startups and scale-ups to grow.
- Especially the lack of available finance to scale-up is problematic. To address this, the European Innovation Council (EIC) and InvestEU must continue to play an important role in the new MFF. Furthermore, the European Investment Bank (EIB), national promotional banks and institutions and the European Tech Champions Initiative should continue to bring about improved access to finance.
- The integration, strengthening and deepening of the Capital Markets Union (Savings and Investment Union) is also important for making more private capital available for startups and scale-ups.
- The Netherlands looks forward to the announced proposal for a 28th regime, given its potential for removing transnational barriers that currently pose a problem for startups and scale-ups. The improved access to the internal market that the proposal for a 28th regime could enable could have added value.
- By improving the overall business climate, the relocation of startups and scale-ups outside the EU can be prevented as much as possible. Improvement of the business climate requires progress in, among other things, the aforementioned areas of access to finance and the strengthening of the internal market.

## SWEDEN

17 April 2025

Ministry of Climate and Enterprise

### **Input to EU's Startup and Scaleup Strategy**

#### Introduction

Sweden has been given the opportunity to contribute to EU's Startup and Scaleup Strategy. This document will, in no particular order, highlight key areas as well as some reflections.

#### Key areas

##### **Access to market**

Startups' low participation in public procurement potentially lowers competition, startup growth and potentially lowers the value for money of the procuring entities. Unwarranted barriers for startup participation should be addressed, while ensuring sufficient flexibility for procuring entities. Innovation procurement and pre-commercial procurement can have positive impact for and by public organizations, if given good conditions.

##### **Talent attraction**

Many companies in Sweden face skills shortages in high-skilled sectors. The EU must be an attractive destination for talent and international expertise.

While there certainly are big challenges ahead, turbulent times could also open opportunities. We believe that enhancing the EU's appeal to highskilled workers is essential, but this does not necessarily require additional regulation at the EU level.

##### **Access to capital**

Sweden's standpoint is that the private market is primarily best suited to make investment decisions and regulate optimal resource allocation independently. Therefore, the main focus is to promote favourable conditions for the private capital market and strengthen the EU's capital markets. Furthermore, Sweden believes that support, regardless of its source of funding, should not be directed toward established processing or manufacturing processes, as this risks counteracting the necessary transformation of the economy. Instead, support may be justified if it addresses a clear market failure that cannot be remedied in a more effective way. This may, above all, involve promoting the development of innovative technology.

Ahead of the EU's next framework programme for research and innovation it is of interest to oversee the structure to ensure that the European Innovation Council (EIC) continues to enable actor-initiated innovations and develop funding opportunities for scaling-up young deep-tech companies through the EIC Accelerator. This requires a balance between support for high-risk projects and market-oriented innovations to maximise societal benefits and industrial competitiveness.

Continue the development in the innovation ecosystems that contribute to scaling-up by harmonising regulations and creating incentives for cooperation between industry, academia, civil society, and the public sector. Special focus areas should be innovation procurement, regulatory sandboxes, and financing of test and demo environments to ensure that new knowledge and technologies can be quickly and effectively utilised and brought to market.

## Reflections

To optimize the output and impact of the startups and scaleups, it is vital that proper actions will be taken. Simplified rules and reduced bureaucracy are important, and the “28th Regime” is an interesting concept, but it entails several important challenges such as the issue of level playing field with nationally incorporated companies. To have an ecosystem approach is crucial, so the strategy and associated actions should be multilevel and address the whole ecosystem: academia knowledge providers, capital suppliers, the corporate fabric etc.

Access to relevant innovation infrastructure is a hurdle that needs to be addressed, especially for deep-tech companies. Some of the existing and relevant infrastructure today has a business model not adapted to startups and scaleups, neither regarding cost nor lead times.

To sum up, the regulatory and bureaucratic burdens as well as access to markets, talent and finance are crucial for the growth and competitiveness for EU. Startup and scaleup can shift this future if given the proper conditions – this strategy should be what makes the future pivot.

Sweden welcomes the Startup and Scaleup Strategy on May 28.

## SLOVENIA

### Contribution of Slovenia to the upcoming EU strategy on start-ups and scale-ups

#### Introduction

Slovenia supports the preparation a specific strategy for startups and scale-ups that will address the key challenges in the growth of innovative companies in Europe. Innovation is a key factor for the EU's competitiveness in global context, so it is essential that the strategy creates the conditions for their accelerated implementation and introduction into industrial practice. It is necessary to improve the start-up culture in Europe through an entrepreneurial environment where innovation is recognised as a key factor for economic progress. The startups should be provided with positive support without negativity in case of the failure of a new innovation on the market.

Slovenia believes that the following main areas are essential in relation to the new strategy for startups and scale-ups:

#### **Better synergies between the research sector and industry**

Slovenia stresses the importance of better synergies and cooperation between universities, research institutions and the economy. Faster commercialisation of research results, patents and innovations is essential for the competitiveness of the European innovation area. This requires appropriate financial mechanisms, encouraging legislation and enhanced networking between research and business ecosystems. With a joint approach, the EU can achieve greater synergy between different innovation policies and strengthen its competitive position globally.

#### **Access to finance and the venture capital market**

European companies, especially in the scale-up phase, often lag behind due to limited access to finance. The development of the venture capital market in the EU, especially in the later stages of growth, is key to increasing the competitiveness of European innovative companies. Measures are needed to stimulate private investment in innovative companies and facilitate access to European financial instruments. Slovenia supports the strengthening of European venture capital funds and better linking financing with intellectual property.

**Developing European public procurement instruments to bridge European technology gaps** The European Commission should make greater use of public procurement instruments to develop high-tech solutions and new technologies in Europe by launching technological challenges at European level, where European startups can compete by developing solutions. Such challenges should be organised at different levels and formats (including hackathons and bootcamps) to stimulate innovation and creative development in the European startup sector and should target technological areas where the EU is lagging behind global competition.

#### **Attracting and mobilizing talent**

Strengthening innovation potential requires attracting and retaining talent. Slovenia supports the removal of administrative barriers to recruiting talent from third countries and improving the conditions for their integration into the European innovation environment. We are also in favour of a greater mobility of talent within the EU, including more uniform rules on tax treatment and social benefits. Slovenia also supports closer cooperation between universities and start-ups, as the transfer of knowledge from research institutions to the economy is key to a successful innovation policy.

### **Regulatory simplification and the 28th legal framework**

Slovenia is in favour of the introduction of the 28th legal regime, which would simplify the legal and tax environment for start-ups and high-growth companies and is looking forward to the proposal of the Commission. This would complement the existing legal systems of the 27 Member States, without the need for harmonisation of national legislation, and would reduce administrative barriers and increase legal certainty for entrepreneurs. It is important that the strategy includes appropriate tax breaks and provisions on state aid for innovative companies.

### **Conclusions**

Slovenia supports a comprehensive EU strategy for start-ups and scale-ups, which would in our opinion contribute to strengthening the innovation ecosystem, facilitate access to finance, attract talent and improve the synergies between the research sector and industry. It is crucial to ensure fair treatment of all start-ups and scale-ups from all Member States, regardless of the size of the market or the level of development of the business environment. Slovenia believes that with the right measures, Europe can become a leading hub for innovation and entrepreneurship globally.