

**CALL FOR EVIDENCE
FOR AN INITIATIVE (without an impact assessment)**

TITLE OF THE INITIATIVE	EU Startup and Scaleup Strategy
LEAD DG – RESPONSIBLE UNIT	Directorate-General for Research and Innovation – Taskforce on Startups & Scaleups
LIKELY TYPE OF INITIATIVE	Communication from the Commission
INDICATIVE TIMING	Q2/Q3 2025
ADDITIONAL INFORMATION	TBD: public website of the EU Startup and Scaleup Strategy

This document is for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by this document, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

In her [mission letter](#), the Commissioner Zaharieva has been tasked with developing an EU startup and scaleup strategy ‘that improves the framework conditions for startups and scaleups’. This strategy is in line with the priorities stated in President von der Leyen’s [2024-2029 Commission Political Guidelines](#) on simplifying the regulatory framework and removing administrative burdens for innovative companies and ensuring that EU startups can access the capital they need to scale up in the EU. The strategy will also build on previous initiatives, including, but not limited to the [SME Relief Package](#) and the [2022 New European innovation agenda](#). Moreover, in outlining a broad range of measures to support EU startups and scaleups, in particular innovative ones, the strategy also responds to the calls from EU leaders in [the 2024 Budapest Declaration on the New Competitiveness Deal](#) to unlock the potential of the EU single market to act as a key driver for innovation. This could result in the regulatory framework applicable to small companies being simplified, and EU being placed at the forefront of research and innovation globally, especially as regards delivering disruptive technologies. The strategy will also help close the innovation gap, which has been identified as the first pillar of the [Competitiveness Compass](#).

The strategy will also be closely aligned with: i) the Single Market Strategy; ii) the European Innovation Act; iii) the Union of Skills and iv) the Communication on a Savings and Investment Union..

The recent reports by [Enrico Letta on the future of the EU single market](#) and by [Mario Draghi on European competitiveness](#) both underlined the crucial importance of innovation for Europe’s competitiveness and economic growth. They call for various public and private initiatives to be aligned and defragmented in order to support the growth of startups and scaleups, key to innovation in Europe.

Europe is performing relatively well in creating new startups, with their number at present being comparable to the United States. However, EU startups and scaleups face several hurdles in scaling up in the EU single market, as described below.

First, they have only limited access to finance due to: i) an insufficiently developed venture and growth capital ecosystem, underlining the need for a more enabling environment for fundraising and investing; and ii) a lack of well protected intellectual property that would significantly increase the likelihood of investment in all growth stages as well as a successful exit.

Second, they face i) regulatory and bureaucratic burdens; ii) the fragmentation of the EU’s regulatory landscape in different policy areas; and iii) a lack of coordination between 27 national innovation policies. Differences in national regulatory regimes also: i) discourage investors that are less likely to invest in companies based in another Member State; and ii) make international investors less likely to invest in Europe altogether.

Third, they find it difficult to access EU markets. For instance, startups rarely participate in public procurement in the EU due to various hurdles. This is a missed opportunity for scaling up in the market conditions by ramping up

<p>revenue growth. From the international perspective, the uptake of opportunities created by the EU's free trade agreements for startups and scaleups could also be improved.</p> <p>Fourth, they face challenges in accessing talent due to: i) administrative requirements (posting of workers or the mutual recognition of qualifications and skills); ii) a complex landscape of different norms, regulations and direct taxation rules; iii) burdensome and lengthy procedures for obtaining visas and work permits for highly skilled workers from outside the EU; and iv) insufficient support for creating an entrepreneurial culture.</p> <p>Fifth, they only have limited access to research and technology infrastructure, knowledge (e.g. patents) and support services (business acceleration services, coaching and networking support).</p>
<p>Basis for EU action (legal basis and subsidiarity check)</p>
<p>Legal basis</p> <p>The strategy is expected to set out a range of initiatives and actions with a different legal basis. Depending on the content of the possible legislative or non-legislative instruments announced in the strategy, the appropriate legal basis for those instruments could include: i) Article 114 of the Treaty on the Functioning of the European Union (TFEU) that provides for measures to be adopted to ensure the establishment and functioning of the internal market; or ii) Article 173(3) TFEU that provides for measures to be adopted to secure the conditions needed for the competitiveness and innovation capacity of the EU and ensure that industry can adjust to structural changes resulting from fast innovation cycles.</p>
<p>Practical need for EU action</p> <p>Many of the hurdles faced by EU startups and scaleups are directly linked to the fragmentation of the EU single market or to its underdeveloped parts, such as the Capital Markets Union. Successful scaling-up often requires expanding to markets beyond national borders and attracting investors from different countries in order to ensure continuous financing. Therefore, EU action is needed to set out a number of policy, financial and regulatory measures to address these fragmentations and improve the framework conditions for startups and scaleups across the single market. Furthermore, more knowledge and incentives are needed to encourage more tech spin-offs from universities and research institutions in the EU.</p>
<p>B. What does the initiative aim to achieve and how</p> <p>Europe's ability to innovate is crucial for its international competitiveness, ensuring its continuous economic prosperity, technological sovereignty, security, resilience, and global influence. Startups and scaleups are a significant driver of innovation as they bring to the market new – sometimes disruptive – products and solutions capable of tackling societal challenges and contributing to the green and digital transition.</p> <p>To enable such a contribution, the strategy should provide comprehensive measures that address the existing hurdles faced by EU startups and scaleups when they are trying to grow in the EU single market. Therefore, the strategy's main objective is to improve the overall framework conditions for EU startups and scaleups through a broad range of policy, financial and legislative measures. The strategy will reflect a 'whole of government' approach and close cooperation with the Member States, identifying levers across policy areas that can make EU startups and scaleups more successful. It will build on what already exists at EU and national level.</p> <p>The strategy will be closely aligned with the Commission's objective to reduce administrative burden and simplify legislation. The objective to reduce bureaucratic burden and to increase the predictability of regulatory processes for startups and scaleups will be inherent in the initiatives announced in the strategy.</p>
<p>Likely impacts</p> <p>The measures outlined in the strategy are expected to benefit startups and scaleups in all Member States, in particular those that are innovative by improving the overall framework conditions in which they operate and grow, boosting the EU's overall competitiveness at global level. The strategy is expected to positively impact innovative companies by increasing their ability to generate revenue and secure capital. By reducing risks, lowering costs, and streamlining processes, it is expected to save time and resources.</p> <p>By making it easier to invest in EU startups and scaleups, the strategy should also have a positive impact on private investors. Furthermore, this initiative is expected to benefit Europeans broadly by driving economic growth, creating jobs, and ultimately improving quality of life and strengthening the EU's global competitiveness.</p>
<p>Future monitoring</p>

The strategy will consist of policy, financial and legislative actions that will require further implementation and dedicated monitoring arrangements. The Commission will use dedicated measures to monitor how actions under the strategy are implemented and will report to the European Parliament and to the Council on how the implementation is progressing.

C. Better regulation

Impact assessment

The EU startup and scaleup strategy will take the form of a Commission Communication. Therefore, it does not require a dedicated impact assessment. However, some of the concrete measures identified in the strategy, particularly any future legislative proposals, will be supported by an impact assessment.

Consultation strategy

The EU startup and scaleup strategy will be based on the existing extensive evidence, taking into account in particular recommendations made by the 2024 Draghi and Letta Reports. In addition, the strategy will also be based on a broad consultation with stakeholders, which includes:

- a targeted consultation of the startup and scaleup community through a dedicated European startup and scaleup forum;
- a consultation with the Member States through the European Innovation Council Forum, the EIT Member States Representative Group, the Europe Startup Nations Alliance, the network of national SME envoys, an informal Competitiveness Council and the Regional Innovation Valleys initiative;
- dedicated consultation activities conducted by innovation stakeholders at major innovation events, such as the European Innovation Council Summit, the Enterprise Europe Network nodes and EuroClusters;
- this Call for Evidence, which entails a four-week consultation with the general public via the 'Have Your Say' portal;
- the relevant findings from the ongoing Calls for Evidence for the Single Market Strategy and the Communication on a Savings and Investment Union.

More specifically, stakeholders are invited to reply to the following questions.

1. Do you agree that startups and/or scaleups face the hurdles identified in this document (access to finance, regulatory and bureaucratic burdens and fragmentation, access to markets, access to talent, and access to infrastructure, knowledge and services)?
2. Are there any additional hurdles faced by startups and/or scaleups?
3. What actions do you think the EU and/or its Member States should take to address these hurdles?