

## ZÁPIS: IGLO Innovation WG: Startups and Scaleups Strategy

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Zapsal/a:	Michaela Hnízdilová, senior konzultantka pro výzkum

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### Startup and Scaleup strategy

#### Background:

- **2024 Draghi Report on the EU competitiveness** and **Letta Report Much More than a Market** – highlighted the need for a stronger EU ecosystem to support innovative companies.
- **Commission Political Guidelines 2024–2029** – aim to ensure that European startups can scale within the EU without needing to seek funding from the USA, Asia, or other markets.
- **Communication on Competitiveness Compass** – identified key barriers preventing startups from scaling, emphasizing the need for better university-business collaboration, improved patent commercialization, and streamlined regulatory frameworks.
- **Mission Letter of Commissioner Zaharieva** – directs efforts towards improving framework conditions for startups and scaleups, addressing key challenges in financing, talent mobility, and market access.

#### Key challenges identified

Despite positive trends in startup creation (Europe has outpaced the USA in new tech startup formation from 2019-2023), several **structural barriers** remain:

1. **Access to finance:**
  - The EU **venture capital market is underdeveloped**, particularly for later-stage investments, making it difficult for startups to scale. The financial market remains fragmented, with a lack of harmonization in private investment regulations across Member States.
2. **Regulatory and bureaucratic barriers:**
  - Differences in **taxation, employment conditions, and certification procedures** create significant obstacles for startups operating across multiple EU countries. Startups face **fragmented reporting requirements**, adding administrative burdens.
3. **Access to markets:**
  - Startups have a **low participation rate in EU public procurement**, limiting their opportunities for scaling through government contracts. Many EU startups fail to **leverage free trade agreements** for international growth.
4. **Access to talent:**
  - Startups struggle with **bureaucratic and tax-related hurdles** when recruiting highly skilled workers. The **mobility of talent within the EU remains limited**, restricting access to specialized expertise.
5. **Infrastructure and support services:**



- Limited access to **research and technology infrastructures**, innovation hubs, and acceleration programs. A need for **stronger networks and mentoring programs** to support early-stage startups.

### Next steps

- The **EU Startup & Scaleup Strategy** is expected to be finalized by **summer 2025**.
- **Coordination:**
  - Internally led by the **Startups & Scaleups Taskforce** under DG Research & Innovation.
  - A **Commissioner's Project Group** is providing political oversight.
- **External Stakeholder Engagement:**
  - A **Call for Evidence** will be launched in **mid-February** via the "Have Your Say" portal to gather input from stakeholders.
  - The **Taskforce will organize and participate in events** to discuss and refine the strategy.

### Synergies with other Initiatives

The strategy will align with several broader EU initiatives, including:

- **European Innovation Act** – aims to enhance innovation ecosystems across the EU.
- **28<sup>th</sup> regime** – potentially introducing a **harmonized EU legal framework** for startups.
- **Savings and Investments Union** – Addressing financial barriers by fostering a more integrated investment landscape.

