

Make Europe the AI & Startup Continent

- A Call to Action for D9+

As Portugal takes up the D9+ Presidency and **one year after Mario Draghi's warning**, the numbers speak for themselves. Instead of narrowing, **Europe's competitiveness and funding gap is widening**. Draghi called for acceleration and the best possible conditions for startups – **but Europe has slowed down**.

The question is straightforward. **Can Europe remain an economic powerhouse**, or will it settle into second-tier status? Today, US income per capita has reached \$85,800, while **the EU lags behind at \$62,400**. On top of this, wide salary gaps and fragmented labor and insolvency rules across Member States create uneven speeds of progress within the Union. **European talent is more than capable of building companies that scale**, but too often the financial rewards flow into US pension funds rather than creating European wealth.

The release of the new **EU budget proposal (MFF) could have been a turning point**. Yet it still reflects many of the old, ineffective approaches – only slightly repackaged. The Commission assumes an average of €22,4 trillion GNI per year during the next budget period. **But to be globally competitive, Europe would need closer to €30 trillion**, effectively requiring about € 666 billion on top of the currently proposed budget of 1,98 trillion. **Closing the gap requires a massive investment** that must come first, with the understanding that the rewards follow later. To catch up, **Europe needs bold spending on simplification and innovation** – more than the competitors, not less. **Investing in startups is the only strategy that's fast enough**.

This is why the D9+ is more important than ever. It is not only about digital transition - it is about digital ambition. About ensuring that Europe can win, by enabling its businesses to grow into intercontinental champions. That ambition can only be realised in a **European economy that is connected, open, innovative, and skills-driven, with full access to the world's state-of-the-art technology**.

If Europe continues to hesitate, the consequences will be unavoidable. More fragmentation will follow, more opportunities will be lost, and an entire decade of competitiveness could vanish. **The D9+ must lead and act with urgency**.

Under this D9+ Presidency, we – as European startup associations – are committed to advancing **Europe as the continent for startups and tech**: driving regulatory simplification to unlock productivity and innovation, steering investment towards strategic priorities to ensure **Europe wins the battles of the future, and not the past** – and ensuring digital inclusion and skills so no one is left behind.

In this spirit, **the S9+ Coalition¹ calls on D9+ Member States** to turn their frontrunner role into real leverage – driving the EU as a whole forward, and **encouraging less advanced Member States to raise their game** in the digital and economic transformation ahead.

¹ The S9+ Coalition is composed of the startup organisations of the digitally progressive (D9+) Member States: Startup Portugal (Portugal), Danish Entrepreneurs (Denmark), Adigital and EsTech (Spain), Estonian Founders Society (Estonia) Scale-ups.be (Belgium), Czech Startup Association (Czech Republic), Dutch Startup Association (the Netherlands), Finnish Startup Community (Finland), Startup Poland (Poland), Swedish Incubators & Science Parks (Sweden) and Allied For Startups (EU).

1. K.I.S.S.: Keep It Simple, (almost) Stupid

Europe needs to scale fast to compete. And to scale, it must simplify. Today, Europe's regulatory landscape is a maze. Overlapping frameworks - from the GDPR and the AI Act to the DMA, Data Act, and the upcoming Digital Fairness Act and UCPD - together with duplications and conflicting governance structures, create serious barriers to growth and global competitiveness.

- **Be ambitious. Launch a Digital Simplification Agenda under the D9+, using the Digital Omnibus as the main vehicle** to streamline and re-align digital regulations. Harmonise obligations across Member States, conduct a comprehensive regulatory fitness check to remove outdated and duplicative regulations and requirements to reduce compliance costs.
- **Create a formal startup impact check for digital laws, such as in the upcoming Digital Fairness Act**, where the effect on startups and their ability to use targeted advertising seems to be ignored.
- **Stop the clock immediately and ensure that AI Act obligations only apply 12 months after technical standards are finalized.** Standards are not expected before mid-2026, yet companies developing high-risk AI must comply from August 2026. That's beyond unacceptable. We need to give businesses realistic time to adapt, and avoid a compliance cliff-edge.
- **Ensure the Single Market finally delivers for digital businesses through true mutual recognition** - once compliant, always compliant - and by harmonizing reporting and documentation across EU digital laws.

2. The AI & Startup Continent

Startups are the most effective channel for diffusing AI into the wider economy. To make Europe the world's leading hub for AI and startups, the D9+ must remove barriers that hold founders back and deliver a true single market for innovation. *We urge the D9+ to:*

- **Deliver a regulation-based 28th regime that creates one company form**, one EU-wide digital registry, and once-only onboarding for cross-border corporate/HR formalities; avoid a directive that would reproduce 27 variants: max 48-hour online incorporation in all D9+ states by 2026; Business Wallet beta in 2026; first 28th-regime incorporations by 2027.
- **Adopt a baseline EU framework for Employee Stock Ownership Plans (ESOPs)** - including taxation at liquidity and clear cross-border mobility/vesting rules - while leaving tax rates to Member States. This would allow startups to grant equity consistently across the EU.
- **Maximise Europe's AI uptake.** To build global champions, Europe must accelerate the adoption and everyday use of AI. Only then can our own platforms scale to compete internationally. Remove barriers and create strong incentives for AI adoption across corporates, SMEs, and the public sector - for example through regulatory sandboxes, pilot funding, and a 28th-regime approach that allows AI innovators to operate seamlessly across the Single Market.
- **Modernise public procurement and open tenders to startups by using problem-based specifications**, simplified documentation, and proportionate performance guarantees. This is not about setting quotas, but about ensuring fair access by removing unnecessary barriers that currently exclude startups.

3. Digital Inclusion & Skills for a Competitive Europe

No digital transformation succeeds without people. Europe needs the right skills, inclusive pathways, and modern public services that bring citizens and businesses along. *We urge the D9+ to:*

- **Enable Member States to procure and scale startup-developed AI** and digital upskilling solutions that reach SMEs, traditional industries, and underrepresented groups.
- **Embed startup and innovation measures in national Digital Decade plans** by ensuring that Member States include concrete actions such as AI sandboxes, digital upskilling led by startups, access-to-capital schemes, and startup-friendly procurement, aligned with the EU Startup & Scaleup Strategy.
- **Foster public-private partnerships for digital skills**, learning from successful national models like inclusive digital academies and advanced e-government services.
- **Ensure English-language access to core startup procedures** (registry, sandboxes, grants) so smaller ecosystems and cross-border founders can benefit on equal terms.

4. Investments for Scalability and Economic Competitiveness

Europe cannot compete globally if its startups cannot scale. The D9+ must push for smarter EU budgets, mobilise pension funds, enable investment and predictable exits, and must make sure that funds available for innovation actually end up in the most innovative companies: startups. *We urge the D9+ to:*

- **Negotiate the next EU budget (MFF 2028–2034) with startups in mind**, ensuring that funding programmes channel sufficient money to successful startups – not just large corporations or research institutions. Europe has failed to do so in past budgets, and repeating that mistake would be one of the greatest risks to our continent’s future competitiveness.
- **Ensure a predictable investment and M&A environment** – a functional and innovation-friendly framework for investment and exits is key to attracting capital and supporting startup growth across Europe.
- **Mobilise Europe’s pension funds and institutional capital** by reforming outdated investment rules, and channel funds into venture and growth equity to finally close the scale-up gap with global competitors.
- **Turn governments into “patient public investors”** and use public capital strategically to support high-tech startups of strategic EU interest – not as subsidies, but as long-term growth investments.
- **Make the new “mid-cap” category work for startups** by guaranteeing that it reduces red tape and improves access to finance, talent, and legal certainty for high-growth companies.

The S9+ Coalition stands ready to work alongside all D9+ countries, Member States, the European Commission, and key stakeholders to translate these priorities into concrete actions. By making Europe simpler for innovators, a true continent for AI and startups, and inclusive for all citizens, we can secure Europe’s place as a global digital leader.

