



A Call to Action for D9+

Leveraging Startups to Bridge Europe's Innovation Gap

Revitalizing European Competitiveness through Innovation

From Mario Draghi's newly published report, it is evident that **the foundations of Europe's economic success are being shaken**. Global trade is slowing down, and European companies and startups are facing tougher competition and less access to key markets. As representatives of the startup community, **we, the S9+ coalition, call upon the D9+ ministers** to take decisive action in revitalizing Europe's economic strength and global competitiveness.

Alarming Decline in Europe's Competitiveness and Economic Influence

Europe's influence in the global economy has drastically decreased. Thirty years ago, our continent accounted for a quarter of global GDP; today, our GDP per capita is just half of that of the United States. **No European company ranks among the world's top 10**, highlighting our lag in R&D activity and investments in critical technologies. Moreover, **Europe has been notably absent in producing high-value tech unicorns** in recent decades. The EU now has around 100 tech-focused laws and over 270 regulators active in digital networks across all Member States.

However, **Europe possesses the necessary tools to transform into a true startup powerhouse**, given its well-being standards and substantial economic potential. Therefore, we must reverse the troubling trend. To do so, Europe must cultivate an open, dynamic market environment, inspired by existing international best practices that propels startups and fosters more innovation. **This requires a regulatory overhaul**. While it may be tempting for policymakers to propose new regulations in response to immediate concerns, a more forward-thinking approach is needed. Policies should be crafted to seize future opportunities, and a thorough review of existing regulations that may be hindering startup growth and innovation is a way to move forward. **We must avoid the pitfalls of protectionism and ineffective state subsidies** for incumbents that stifle growth, and instead focus on creating a regulatory landscape that truly supports the startup ecosystem and sees it as a factor for competitive advantage and prosperity.

Transforming the Regulatory Landscape to Foster Innovation

A crucial element of Europe's resurgence lies in reshaping its regulatory framework by adopting a **"think small first" approach**, ensuring that regulation enables innovation rather than acting as a barrier. A survey from the European Commission shows that **67% of EU startups fear new regulation**. The variety of new EU regulations on digital technologies must be carefully transposed, implemented, and enforced, as this could discourage startups building or investing in these new technologies. **AI is one of those areas, where it is crucial that Europe gets it right**. The EU risks scaring startups off to other parts of the world and must instead secure sufficient framework conditions around AI usage, training, development and open-source accessibility to give startups greater independence in the ecosystem. **All this calls upon the D9+ ministers to lead by example** and craft policies that provide startups with the flexibility to innovate while ensuring that safeguards are in place to protect consumers and maintain fair competition.

Ensuring a Balanced Digital Future

Europe must strike the right balance between data privacy, user engagement, connectivity and its implementation. For example, **the GDPR has set global standards**, but its implementation across Europe has been uneven. To reclaim its place at the forefront of global innovation, the EU should be better at implementing the already accepted regulations. User engagement through personalized content, ads and services is vital for startups and small businesses' competitiveness. However, **Europe is not well served by a continued, one-sided focus on privacy at the expense of competitiveness**. In this matter, DPAs - as enforcers of GDPR - should also be required to consider consequences of startups and European competitiveness as a permanent standard when making decisions. Secondly, connectivity - the foundation of our digital economy - must remain open and accessible. Maintaining net neutrality and fostering collaboration among diverse company groups are essential to investing in connectivity, building a robust communications infrastructure and a connected data economy in Europe. This approach ensures fair competition and drives innovation across businesses of all sizes.

Unifying the Digital Single Market

Developing a digital wallet is essential to creating a truly cohesive Digital Single Market in Europe, one that empowers both consumers and businesses by facilitating seamless cross-border transactions. For startups, this represents a significant opportunity to innovate and scale, offering new services and solutions that can thrive in an integrated digital economy. However, to fully unlock this potential, it is crucial that the regulatory frameworks adopt a **"light but right" approach**. This means creating regulations that protect users and ensure trust without imposing unnecessary burdens on businesses that could stifle innovation.

Championing the Digital Green Transition

Europe has the unique opportunity to take the lead in aligning digital progress with sustainability. **Startups** play a crucial role in this journey, as **they can drive forward the digital green transition**. By prioritizing innovations that enhance energy efficiency and resource conservation, startups can help align Europe's digital development with sustainability goals. However, for these startups to thrive, it is essential to create an ecosystem that supports experimentation, collaboration, and provides access to the best infrastructure and advanced AI tools and solutions, highlighting the importance of effective deployment.

A Call to Action: Reclaiming Europe's Resilience in the Global Economy

Europe's future competitiveness and security relies on our ability to adapt, innovate, scale and export. **We need to prioritize several strategic areas** to reclaim our position at the forefront of the global digital economy. This includes fostering international collaboration, regulatory reforms, and enabling AI-driven innovation rather than slowing it down. **It's crucial to ensure that European AI startups remain competitive** in the global market while safeguarding data privacy and improving connectivity. A balanced approach to data privacy is essential, one that enhances the competitiveness and inclusivity of the Digital Single Market while also driving forward the digital green transition. Finally, **effective digital governance is key to facilitating market access** and ensuring regulatory interoperability. This transformation, however, demands leadership and vision from the D9+ member states. Without a vision no one will lead. **It is time for Europe to take bold, concerted action** to ensure that our startups and innovators can thrive, driving sustainable growth and securing our economic future.

