

Scaling up: Recommendations for a EU tech strategy



European
Tech Alliance

European tech companies are valuable assets for Europe. It's time for the EU to boost European tech with a strategy that [empowers homegrown digital companies](#), particularly scale-ups, to grow and innovate to deliver the best services and products to their users. Below are a few suggestions on what this EU tech strategy should entail.



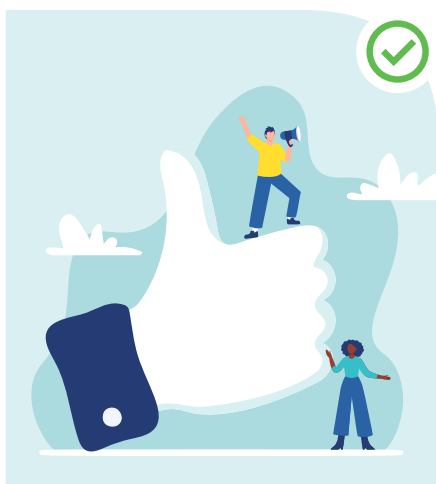
7 THINGS EUROPE SHOULD DO

European tech for European competitiveness



1. Foster a robust data economy that respects the privacy of EU consumers:

Additional efforts are required to establish standards that empower EU companies to re-use data with due respect to privacy and confidentiality, all while maintaining usability. For instance, pseudonymisation techniques and privacy enhancing technologies require greater recognition from relevant regulators to ensure heightened legal certainty. Moreover, facilitating service personalisation is essential: [71%](#) of consumers expect to receive personalised services from companies, and 76% express frustration when such customisation is lacking. Beyond enhancing user experiences, personalisation can also drive more efficient services, ultimately minimising time spent online.



2. Enhance talent attraction and retention:

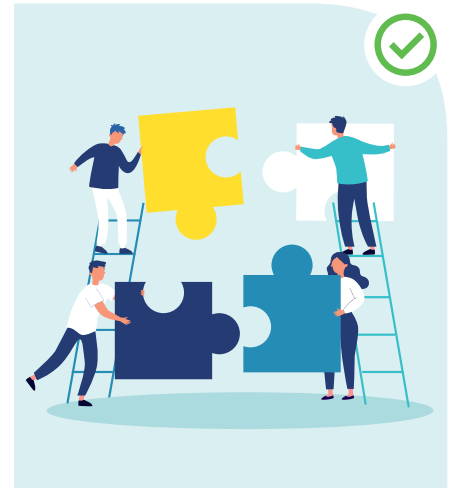
The EU should pursue a comprehensive plan to boost its appeal as a respectful place to work that attracts and nurtures top tech talent, thereby fostering innovation within the EU's technology ecosystem. Firstly, adopting an EU approach to visa programmes inspired by Europe's best practices would set a solid foundation (e.g. Netherlands startup visa programme, the French tech visa, or the UK innovator founder visa). Secondly, digitising visa processes to streamline procedures and cut bureaucratic costs is essential. Establishing a European approach for remote work would address current challenges faced by companies, eliminating the need for lengthy country-by-country assessments and reducing liability risks. Lastly, training more IT workers in Europe could be achieved by incentivising companies to collaborate with universities and offer programmes that expose students to the realities of the market, thus expanding the talent pool and fostering innovation within the EU's technology ecosystem.

Smart rules for a stronger Europe

3. Guarantee impact assessment: We emphasise the importance of conducting comprehensive impact assessments both by the European Commission and by co-legislators (the European Parliament and the Council of the EU) to understand the implications and effects of regulatory measures on the market, particularly for EU tech firms. For instance, we advocate for creating an independent audit body for co-legislators' proposed amendments. This assessment should take place before any draft law is formally proposed and adopted.



4. Simplify EU tech regulation for innovation: Before adopting additional tech regulations, we emphasise the necessity for the European Commission to conduct a thorough assessment of regulatory overlaps and their associated compliance costs, at a suitable time when the rules have had time to take root. European platforms face a [patchwork of regulations](#). Up to 30%, and sometimes 60%, of EU tech companies' resources can be taken up by compliance. [More than half](#) of European startups indicate that compliance-related tasks are the primary threat to their operations. Each euro spent navigating legal complexities represents a missed opportunity for investing in innovation. The innovation landscape bears an even heavier burden when companies opt to abandon innovative projects, due to the absence of a clear legal framework and the looming fear of potential fines. The current legislative patchwork in the EU grants larger non-European companies a competitive advantage due to their superior resources.



5. Enhance regulatory agility for EU tech competitiveness: Establish an innovation unit, department, or programme within all enforcing authorities. These initiatives should be intentionally designed to integrate regulators into the digital ecosystem, fostering a proactive approach to understand emerging technologies. By doing so, they equip regulators with the capacity to better grasp innovative products and services, as well as new business models and better balance their opportunities and risks.



Better enforcement for fairer competition



6. Strengthen authorities' cooperation: We propose closer collaboration among the different national authorities which have responsibility for digital issues. We suggest the creation of an established network for this purpose at Member State level. Consider, for example, the necessity for improved cooperation between competition and data protection authorities. This cooperation among authorities should also be improved among Member States at the EU level. For instance, to guarantee proper enforcement of EU consumer protection rules on global actors, a closer cooperation is needed for Consumer Protection Authorities throughout the EU Consumer Protection Cooperation (CPC).



7. Ensure fair competition: European companies need a level playing field to grow and compete. For this, we need strong and consistent enforcement of recently adopted EU laws (e.g. DMA, DSA or consumer protection laws) and a tough stance on any company, large or small, trying to circumvent EU rules.



4 THINGS EUROPE SHOULD NOT DO

1. Allow loopholes that distort competition in the Single Market:

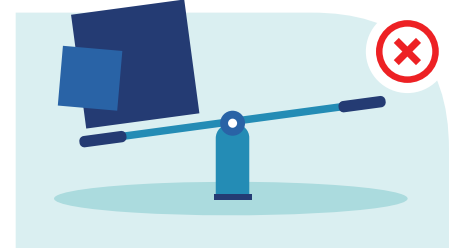
Compared to their EU counterparts, Chinese e-commerce actors benefit from a cheaper cost base of 15%-20% due to favourable tax incentives and subsidised delivery costs. To ensure fair competition, the EU should address these disparities that not only distort market competition but also incentivise fraudulent practices. For example, undervaluing shipments to remain below the 150 EUR de minimis threshold leads to potential revenue losses and undermines the EU's customs and VAT enforcement efforts.



2. Turn platforms into enforcement authorities: Recent policy initiatives, such as taxation (e.g. DAC7) regulations have shifted platforms' roles from facilitators to enforcers of European and national laws (e.g. France's 2024 Social Security Financing Law). This shift in platforms' roles has led to barriers hindering their operations, primarily due to the disproportionate responsibilities they now bear, especially in sectors such as second-hand trade. To support EU tech businesses, policymakers should avoid overloading platforms with tasks beyond their remit, such as data collection or tax handling. Enforcement should remain primarily the responsibility of public authorities, allowing platforms to focus on their core functions, fostering innovation while supporting compliance efforts.



3. Create an online and offline imbalance: Over recent years, it has been suggested that what is illegal offline should be illegal online. However, we are now at a stage where digital services are often more strictly regulated than offline ones. For instance, online marketplaces that facilitate second-hand trade are heavily regulated, while in the physical world one can sell second-hand goods in flea markets without any restrictions or reporting requirements.



4. Create sector wide rules in response to one company or subsector's behaviour: Where EU rules are needed, policymakers should focus on concrete problems and be mindful of different tech business models. Rules should tackle problems specific to business models instead of taking a one-size-fits-all approach. For instance, distinguishing between social media platforms and marketplaces is crucial, as is refraining from prescribing specific product design elements like app buttons. Any proposed solution should also be proportionate to the problem identified.



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For further inquiries, please contact us at victoria@eutechalliance.eu — eutechalliance.eu