

# EU Startup and Scaleup Strategy

Massimo Gaudina

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# Overview

1. Context and key challenges identified
2. Towards the EU Startup and Scaleup Strategy
3. Preliminary results of the consultation
4. Potential building blocks
5. Synergies with other initiatives



# 1. Context (1)

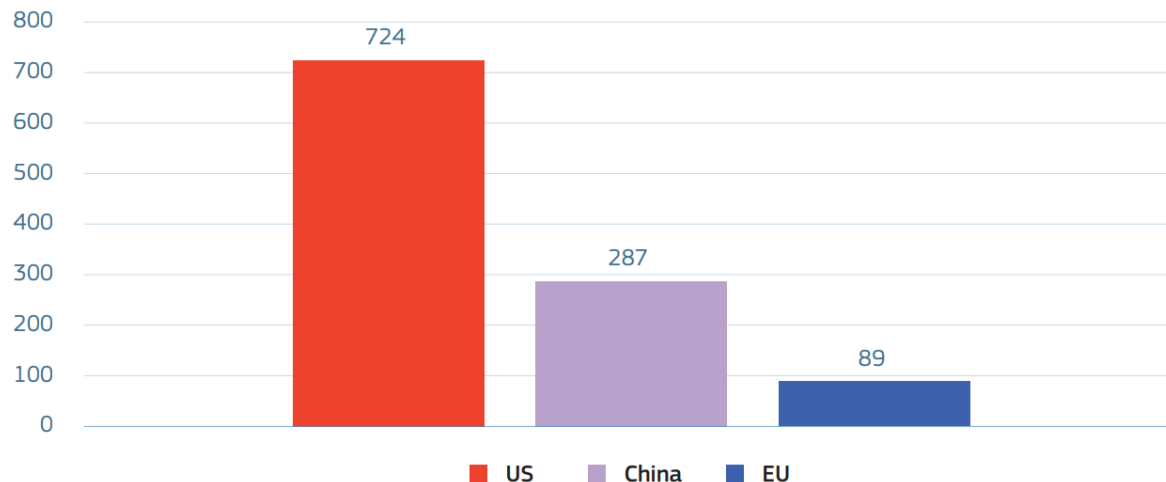
- **2024 Draghi and Letta Reports**
- **2025 – 2029 Political Guidelines** – *“Innovative European companies and startups should not be forced to look at the United States, Asia or other markets to finance their expansion. They should be able find what they need to grow here in Europe too.”*
- **Mission letter of Commissioner for Startups, Research, and Innovation:** *“would like you to develop an EU start-up and scale-up strategy that improves the framework conditions for start-ups and scale-ups.”*
- **Competitiveness Compass:** *“A dedicated EU Startup and Scaleup Strategy will address the obstacles that are preventing new companies from emerging and scaling up. It will start by improving relations between universities and business and creating better prospects for patents to be commercialised. It will remove barriers created by lack of access to risk capital, a fragmented Single Market and limited availability and mobility of talent and skilled workers, as well as insufficiently targeted innovation support.”*



# 1. Context (2) Startups and Scaleups in Europe

- Overall, Europe reports a **positive performance in terms of startups creation.**
- The number of **new tech startups founded each year in Europe has exceeded that observed in US** over the period 2019-2023.
- On average, **around 15 200 new tech startups have been founded per year in Europe, compared to 13 700 in the US**
- European innovative companies often face two so-called “valleys of death”.
- Around 60% of all global scaleups are based in North America, while only 8% in EU countries.
- The number of unicorns in the US and China exceeded that in the EU **by a factor of 8 and 3, respectively.**

Figure 5.3-6 Number of active unicorns across world regions per headquarter, up to November 2023



Science, Research and Innovation Performance Report, 2024



# 1. Key challenges identified

- **Access to finance:** the underdeveloped EU financial market and a patchwork of national measures regulating various aspects of private investment negatively impact access of startups to private financing needed for their scaling up. The European VC market remains **significantly underdeveloped** compared to that in the US. The highest gap is observed at **later-stage financing**.
- **Regulatory and bureaucratic burdens and fragmentation:** fragmented reporting requirements, taxation and employment conditions and different certification procedures.
- **Access to markets:** low participation rate to public procurement in the EU, the link with corporates, expanding the customer base. The uptake of opportunities created by the EU's free trade agreements for startups and scaleups can also be improved.
- **Access to talent:** bureaucracy, regulations, tax rules and costs prevent startups and scaleups from tapping into the highly-skilled talent they need to develop innovative products and solutions.
- **Access to infrastructure, knowledge and services:** difficult access to and fragmentation of research and technology infrastructures, business acceleration services, coaching and networking support.

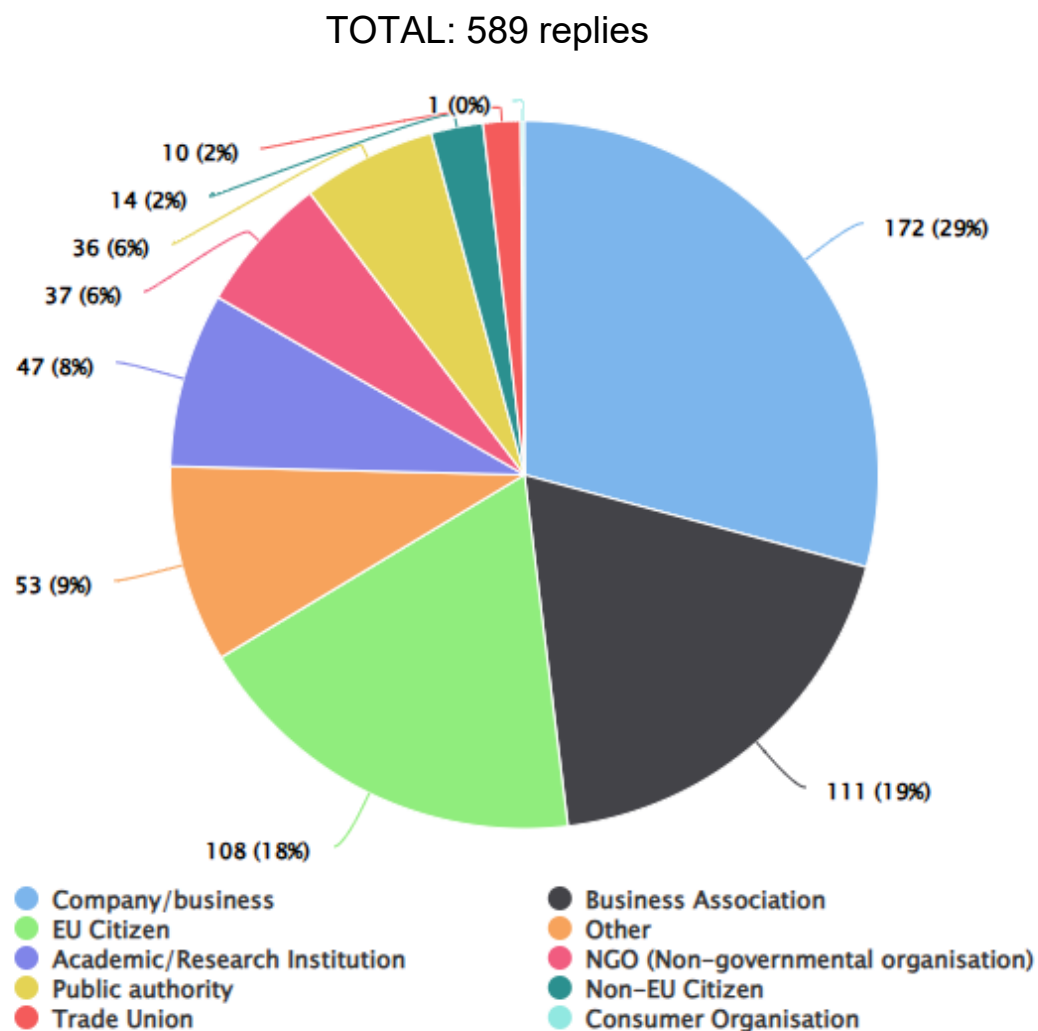


## 2. Towards the EU Startup and Scaleup Strategy

- The Commission is planning to put forward the Strategy at the end of May 2025.
- A Project Group of Commissioners on Startups and Scaleups is providing political steer.
- Commissioner Zaharieva has chaired the two meetings of the European Startup and Scaleup Forum on 17 February and 25 April.
- The Research Working Party discussed the Strategy on 13 February and the informal Competitiveness Council on 11 March and a “Jumbo” Working Party meeting took place on 10 April.
- A startup policy Hackathon took place on 28 March.
- The Commission ran a call for evidence for a month, until 17 March which gathered almost 600 contributions from 36 countries



# 3. Results of the consultation



- Difficulty in obtaining financing at different stages of the growth of startups.
- Fragmented tax regimes, varying labour laws, and inconsistent certification procedures.
- Classification of startups under State aid and SME definitions.
- Difficulty of participating in public procurement processes.
- Talent shortages, particularly in the ICT sector.
- Difficulties in accessing research and technology infrastructures.
- Absence of a platform to mutualize public and private services.



# 4. Potential building blocks of the Strategy

- The Strategy may potentially be structured on actions for:
  - Starting up in the EU
  - Scaling up in the EU and beyond
  - Maturing and succeeding again
- + section dedicated to measuring progress for reaching the Strategy's aims



# 5. Synergies with other initiatives

- Union of skills (adopted on 5 March 2025)
- Savings and Investments Union (adopted on 19 March 2025)
- Single Market Strategy (expected in May 2025)
- European Innovation Act (expected in Q1 2026)
- 28<sup>th</sup> regime (expected in Q1 2026)
- Revision of the public procurement directives (expected in Q4 2026)



Thank you!

