DIGITALEUROPE

WINNING THE TECH RACE

Cut-Simplify-Incentivise
Our three-step gameplan

Foreword

For Europe to reclaim its role as a global tech leader, the training must start now.

We face a stark reality: our GDP growth has stagnated for the past 20 years, and today we lag the US by a full 30 per cent. In seven of the eight critical technologies defining the future – from AI to quantum computing – we're falling behind. As Mario Draghi noted, this stems largely from failing to embrace digitalisation effectively.

Europe has the potential. We train 20 per cent of the world's AI talent and have a vast single market of 450 million people. To compete, we must cut the burdens holding us back, act as one team, and close the €800 billion annual investment gap.

This step-by-step gameplan shows how we can do it: **cut, simplify and incentivise.**

1. Cut – No pain, no gain

Regulation is an extra hurdle for European innovators. Nearly 40 new digital regulations in the past five years – many not yet implemented, like the AI Act – have created overlaps. Initiatives like the environmental, social and governance (ESG) reporting omnibus regulation announced recently by President von der Leyen should be delivered swiftly and encouraged in other areas such as cybersecurity, where redundant reporting wastes time and resources.

Our plan proposes 80 targeted amendments across 40 laws to simplify reporting, clarify requirements and eliminate overlaps. By trimming regulatory fat, we can create an agile environment where innovation thrives.

This won't always be easy – for example, we propose significant changes to recent laws like the AI Act – but it is necessary.

2. Simplify – Home advantage

Europe's single market is a unique asset, but gaps hinder businesses from capitalising fully. Only 8 per cent of SMEs trade across borders due to inconsistent rules and red tape. We fully support Enrico Letta's 28th regime – a unified European Business Code – which could simplify cross-border transactions, giving SMEs a home advantage to scale globally.

Europe has an edge in dual-use technologies like AI, drones and connectivity, but only by acting together can we support those companies properly. A pan-European procurement programme will boost innovation and protect key sectors, including much-needed investment in our critical infrastructure. Direct funding for scaleups and corporates will spark a virtuous cycle of investment and growth.

3. Incentivise – Where are the medals?

The EU has promoted itself as a world champion of regulation, but regulation alone won't solve our competitiveness crisis. Just as athletes need the best gear, businesses need investment in advanced technology and infrastructure. Competing in AI, quantum computing and semiconductors requires billions of extra funding, and a skilled workforce at the top of its game. We propose that at least a quarter of the EU's budget must go to digitalisation, with simplified funding programmes for easier access. We should also make use of the unspent funds from the COVID recovery.

The public and private sectors must collaborate on critical technologies, investing in connectivity, the power grid and cybersecurity. A focus on infrastructure will empower Europe to compete globally, building resilience in sectors like defence, energy and healthcare.

Shifting to a winning mindset

This race requires a shift in mindset. Europe must embrace risk, reward innovation and set ambitious goals. By reshaping regulations, investing strategically and uniting the single market, we can rebuild Europe as a digital powerhouse.

The next five years must begin a new chapter. DIGITALEUROPE's gameplan offers a clear path. With agility, investment and vision, Europe can kickstart its innovation power, resilience and prosperity.

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DIGITALEUROPE

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Our gameplan – a summary

DIGITALEUROPE's gameplan outlines the three concrete steps needed for Europe to become a tech frontrunner, achieve the Digital Decade goals and address key priorities set out in the European Commission's mission letters.

1. Cutting burden

This step aims to streamline Europe's regulatory environment to remove unnecessary hurdles for businesses. By simplifying reporting requirements and procedures, the goal is to eliminate redundancies and inefficiencies that hinder competitiveness. This approach ensures European companies, especially SMEs, can focus on innovation and growth rather than compliance, levelling the playing field with global competitors.

- **Simplified Reporting Initiative:** Seeks to simplify fragmented EU reporting requirements by harmonising obligations in cybersecurity, sustainability and data processing. With ENISA coordinating cybersecurity reporting, companies, particularly SMEs, would benefit from reduced administrative burdens. Automated reporting, inspired by Estonia's real-time data exchange model, aims to cut compliance costs and enhance efficiency, making Europe more business-friendly and competitive.
- **Rapid Compliance Pathway:** Focuses on removing or easing burdensome regulatory requirements in critical acts such as the Cyber Resilience Act (CRA), AI Act and Data Act. It advocates for an agile, minimalistic approach, especially benefitting SMEs by creating clearer standards and aligning timelines with industry needs. The Pathway envisages fast-tracking permits for critical infrastructure, like energy grids, with strict response deadlines. These measures enable Europe to swiftly build essential infrastructure, boosting its global competitiveness in technology.
- **Better Regulation Programme:** Proposes a reform of the Interinstitutional Agreement on Better Law-Making to ensure competitiveness is central to EU legislation. This includes a new role for the Regulatory Scrutiny Board, metrics for impact on time-to-market, and a pre-regulatory sandbox approach to test regulations before widespread implementation.
- **Data Union Strategy:** Envisions a unified framework for data governance across the EU by establishing a one-stop-shop authority to simplify data-sharing procedures and promote free data flow. It recommends harmonising data rules across the GDPR, NIS2 and other relevant legislation for a cohesive regulatory approach to data.

2. Simplify:
One team, one market

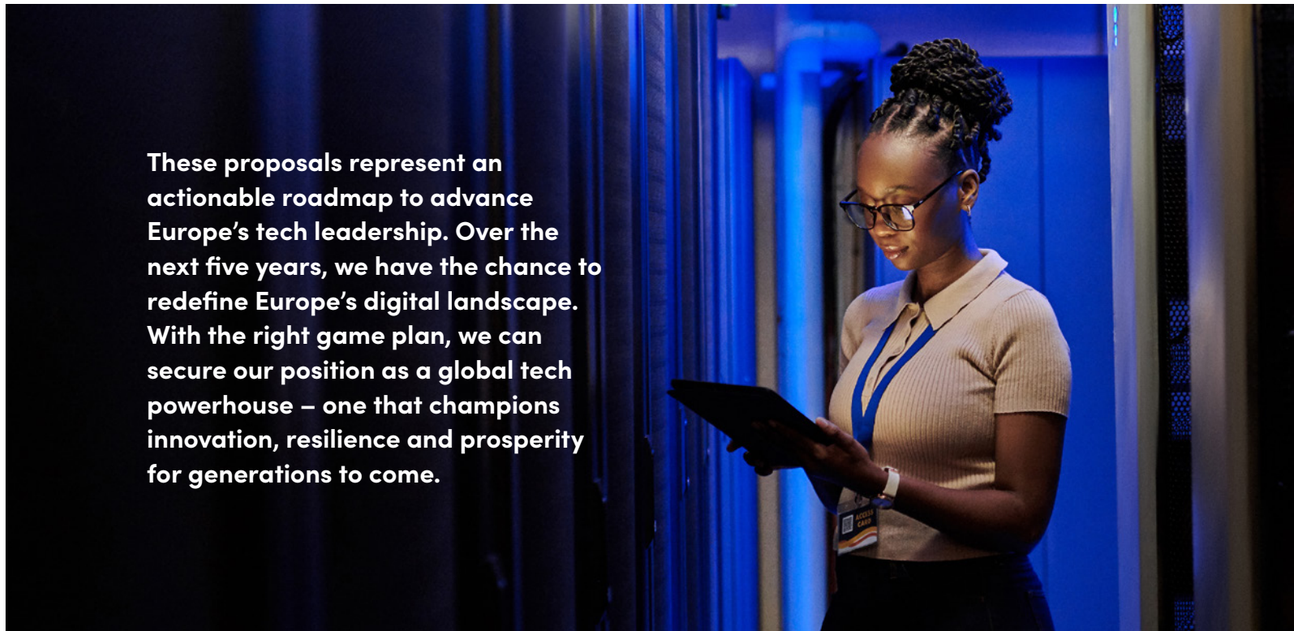
This step focuses on completing the single market to create a seamless environment for European cross-border business. Key objectives include harmonising procurement processes and legal frameworks to remove barriers to scale. These measures aim to increase Europe's attractiveness as a business hub, drive innovation and strengthen our leadership in strategic sectors like defence, energy and connectivity.

- **Single Procurement Scheme:** Introducing a single, voluntary EU defence procurement fund and transforming the Public Procurement Directive into a regulation would harmonise procurement processes, simplifying cross-border engagement and boosting competitiveness in defence and dual-use tech. A pan-European programme focused on digital security for critical infrastructure would support direct procurement from European scaleups and corporations, fostering innovation and growth in strategic sectors that can serve European public goods.
- European Business Code: Supports an optional, pan-European legal framework that aligns general commercial law, addressing market fragmentation. By creating a common framework, it aims to simplify cross-border trade, harmonise regulations and make Europe a more attractive business environment.

3. Incentivise:
Energy for the finish line

This step underscores the importance of robust investment in Europe's critical technologies and infrastructure. It calls for targeted funding, streamlined financial frameworks and tax incentives to accelerate technological advancement and address the digital skills gap. These initiatives aim to enhance Europe's connectivity, build a talent pipeline and secure the resources needed to compete globally in emerging industries.

- **European Critical Tech Investment Plan:** Refocusing the Multi-annual Financial Framework (MFF) to prioritise critical technology development, ensuring security, competitiveness and resilience. Key measures include creating targeted funding streams, establishing return-on-investment (ROI) criteria and leveraging mixed funding strategies. Scaling up requires €1 billion annually and streamlined rules. Complementary tax credits are essential to match incentives in other geographies.
- **Tech Competence Workplan:** Addresses the digital skills shortage by proposing coordinated tax breaks for training, aiming to certify 2 million ICT specialists annually, with gender balance. The workplan encourages the expansion of digital skills programmes and the establishment of ten cyber training campuses under ERASMUS+.
- **Connectivity Act:** Focuses on enhancing Europe's connectivity infrastructure through accelerated network deployment and EU-level spectrum coordination. These are essential to the digital transformation and competitiveness of European companies.



These proposals represent an actionable roadmap to advance Europe's tech leadership. Over the next five years, we have the chance to redefine Europe's digital landscape. With the right game plan, we can secure our position as a global tech powerhouse – one that champions innovation, resilience and prosperity for generations to come.

1

Cutting burden

European companies are hiring more lawyers than coders. Most CEOs across Europe say overlapping rules and red tape are holding back progress toward a real single market. This step proposes four initiatives to cut through the regulatory clutter, freeing companies to focus on what matters most: innovating and growing.

Simplified Reporting Initiative

Unnecessary reporting is a drag on innovation. The following amendments aim to reach President Von Der Leyen's goal for a 25% reduction. They simplify fragmented EU reporting requirements by harmonising obligations in cybersecurity, sustainability and data processing, amongst others.

The following amendments aim to reach President Von Der Leyen's goal for a 25% reduction.

Cybersecurity

- Targeted adjustments to the following provisions to clarify any possible reporting overlaps:
  - Art. 33 GDPR;
  - Arts 7(2)(a), 21(2)(d), 23 NIS2;
  - Art. 14(1)(3) CRA; and
  - Arts 19(1) and 46 Digital Operational Resilience Act (DORA).
- Art. 7 Cybersecurity Act: Give ENISA official mandate to coordinate cybersecurity reporting at European level.

Cyber Resilience Act (CRA)

- Amend Art. 14 to prevent premature disclosure of unpatched actively exploited vulnerabilities, focusing on reporting after corrective or mitigating measures are available.
- Delete Art. 69(3) to exclude installed base devices from reporting obligations, focusing compliance efforts on new and more relevant devices.

NIS2

- Amend Chapter II NIS2 to grant ENISA coordinating role in defining national cybersecurity strategies, and to establish a public-private partnership mechanism based on the US Information Sharing and Analysis Centre (ISAC) model.
- ISACs collect, analyse and disseminate threat intelligence, enabling critical entities in sectors like finance, healthcare and energy to strengthen their security by sharing insights on vulnerabilities, risks and attacks in real time. Strong data protection protocols underpin these exercises.
- Issue guidance to entities and establish clear, efficient and minimally burdensome compliance procedures.

Protection of minors online

- Establish EU-wide standards to prevent legislative fragmentation across Member States.
- Integrate age assurance principles and requirements on parental control systems into harmonised legislative and regulatory framework to ensure consistent protection for minors.
- Involve EU- and industry-wide solutions to ensure digital services adhere to risk-based standard.
- Roll out any technical solutions with careful testing, industry feedback and phased implementation.

Critical Raw Materials Act

- Art. 20: Issue Commission guidance on common criteria for identification of 'key market operators.'
- Art. 24: Delete to remove burdensome supply chain auditing requirements.

Corporate Sustainability Due Diligence Directive (CS3D)

- Consolidate and streamline reporting obligations and excessively burdensome provisions from CS3D and CSRD.
- Art. 3: Introduce specific provisions to prevent Member States from adopting diverging definitions.
- Art. 4(2): Delete the paragraph permitting fragmented transposition due to Member State gold-plating.
- Arts 19 and 37: Delay entry into application to provide at least 2 years from the date of publication of guidelines.
- Closely align upcoming guidance with international standards and other ESG-related law to facilitate data sharing and establish more effective multistakeholder dialogue ahead of reviews of reporting requirements.

Data Act

- Art. 15: Limit mandatory data sharing requests only to public emergencies; delete para. (1)(b) to avoid broad, non-essential data requests.
- Chapter V: Set a single reporting point for the data access request framework that is compatible with similar government access request provisions in other legislation, including the revised European Statistics Regulation.

Data reporting methods

- Promote data flow automation in reporting based on APIs, similar to Estonia's 'real-time economy.' It automates data exchange between enterprises and authorities, by using globally supported standards and machine-to-machine communication for efficient, standardised reporting across sectors.

Energy Efficiency Directive

- Art. 11(1): Support companies in installing digital energy management systems. In particular, SMEs in quantifying the benefits of digital energy management systems.
- Art. 12(1): Require data centre operators to report annually to EU database, provided the protection of confidential data at the data centre facility level is guaranteed, eliminating national-level reporting requirements.

Green Claims Directive

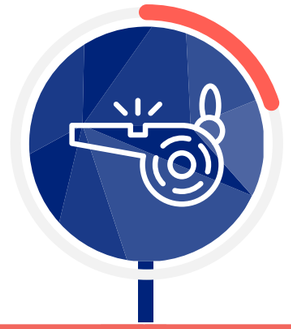
- Facilitate use of information published in the Corporate Sustainability Reporting Directive (CSRD) as substantiated claims under the Green Claims Directive.

Communication on Important Projects of Common European Interest (IPCEI)

- Point 49: Remove complex 'counterfactual scenario' evidence requirement for IPCEI grants/loans approved by DG COMP. This requirement, which mandates beneficiaries to detail hypothetical project outcomes, scope and timing in the absence of funding, imposes a disproportionate administrative burden. Removing it will reduce preparation challenges and enable faster, more efficient access to vital financial support for innovative projects.

Posting of Workers Directive

- Art. 9(4): Ensure it is uniformly and consistently applied throughout all Member States, by means of Council's formal commitment to endorsing a single e-declaration for businesses posting workers.



Rapid Compliance Pathway

Create an EU-funded, AI-driven platform where companies, especially small and medium-sized businesses, can easily check and ensure they're following all EU regulations (like the AI Act, Cybersecurity, GDPR, etc.).

Taxonomy Regulation

- Point 8.1, Annex 1 Climate Delegated Act under Taxonomy Regulation: Align technical screening criteria for data processing, hosting and related activities with sustainability indicators in delegated act on common rating scheme for data centres under Energy Efficiency Directive.
- Review technical screening criteria of all existing activities to improve usability, ensuring disclosures are easily auditable and comparable across Member States.

Waste from Electrical and Electronic Equipment (WEEE) Directive

- Introduce a harmonised WEEE report template.

Copyright levies[1]

- Amend Art. 5 InfoSoc Directive to:
- Harmonise or abolish burdensome and outdated copyright levies framework;
- Eliminate vastly different national systems across EU discouraging cross-border trade, distorting prices and limiting availability; and
- Prevent expansion of levies to cloud services, refurbished products and offline downloads from streaming services.

The following amendments cut compliance burden without sacrificing safety or security, freeing up resources for more productive tasks. This includes changes to recent legislation like the AI Act or the Data Act. We also question the need for an AI Liability Directive or a Digital Fairness Act at all – these issues are already covered elsewhere and need to be better enforced. To ease permitting, we propose strict time limits for authorities to respond.

Cybersecurity

- CRA: Make use of implementing measures to simplify the following requirements:
  - Art. 2(5) to avoid double regulation when sectoral rules provide equal or higher protection;
  - Art. 33(5) to simplify technical documentation for SMEs;
  - Art. 25 to create voluntary security attestation programmes for open-source software (OSS) to simplify OSS use; and
  - Issue guidance clarifying that healthcare processes for applications and products under the Medical Device Regulations can be reused for application under the CRA, and clarify the CRA's interplay with European Health Data Space (EHDS) provisions impacting electronic health records.
- Formal, time-bound commitment to refrain from introducing delegated acts under Art. 24(2) NIS2 on mandatory use of certified ICT products, as they would directly overlap with the CRA and increase administrative burden.

AI Act

- Clarify that AI-based safety components or functionalities are not to be considered high-risk when harmonised standards under relevant Union harmonisation legislation are available and applied, in line with Art. 6(1)(b)'s original intent.
- Delay implementation of selected provisions until relevant harmonised standards are available, based on past examples (e.g. Medical Device Regulation).
- Art. 3: Add legal definition of open-source software (OSS), ensuring clarity on OSS exceptions.
- Art. 3(9): Specify definition of 'placing on the market' and recognise that for certain categories of products with long development and certification cycles, market placement should be considered at product-model or -type level, rather than for each individual unit.
- Art. 57: Require AI Office to provide timeline for listing sandboxes, increasing transparency for SMEs and other businesses.
- Art. 74(13): Delete possibility for market surveillance authorities to access source code of an AI system.
- Art. 82: Delete the article, as compliance with the AI Act should be sufficient for an AI system to be allowed on the market.
- Art. 91: Add protection for trade secrets, ensuring confidentiality of information obtained from GPAI model providers by the Commission under Art. 78.
- Art. 111(2): Reword 'significant changes' to 'substantial modifications' for alignment with NLF definitions (e.g. Machinery Regulation).

AI Liability Directive

- The AI Liability Directive is simply not needed now that the Product Liability Directive has been expanded to cover software, including AI. There have been no examples where extra legislation is needed, making it clear that this proposal only adds unnecessary complexity.

Data Act

- Art. 2(22): Specify the definition of 'placing on the market' recognising that for certain categories of products with long development and certification cycles, market placement should be considered at product-model or -type level, rather than for each individual unit.
- Arts 37 (10)–(13): Amend to align with the GDPR, reducing administrative overlap and easing compliance burden for companies.
- Art. 41: Limit model contractual terms/standard contractual clauses only to Data Act provisions to prevent complexity and ensure wider adoption.

[1] See DIGITALEUROPE, The 60-year Copyright Levies saga: High time for reform, available at https://cdn.digitaleurope.org/uploads/2024/11/The-case-for-copyright-levies-reform-Nov-2024-compressed.pdf.

Facilitate use of digital solutions like digital product passports (DPPs) to phase out physical markings and paper-based documentation, in order to simplify compliance and align with EU green goals.

Digital Fairness Act

- Do not introduce a new Act to tackle the issues raised in the digital fairness fitness check. European consumers need better enforcement and guidance on existing laws.
- The Unfair Commercial Practices Directive, the Consumer Rights Directive and the Unfair Contract Terms Directive provide ample ground for enforcement against any commercial practice deemed misleading, unfair or aggressive, or which includes undue influence on customers' economic decisions, implemented by sellers or third parties acting on sellers' behalf. This is further strengthened by the Digital Services and Digital Markets Acts, which both delve further into dark patterns, risk assessments (including child protection) and transparency; the AI Act, which deals with subliminal techniques; and the GDPR, which covers interface personalisation.

Dual-Use Regulation

- Arts 2, 10, 11, 12, 15, 16 and Annex I: Amend provisions on aspects like authorisation processes, customs enforcement and cooperation to ensure unified enforcement and more regulatory consistency across jurisdictions, especially in terms of the new entries to the list of dual-use items i.e. developing new mechanism replacing the Wassenaar Arrangement in light of the ongoing war in Ukraine.

Fast-tracked site permitting

- Speed up granting of infrastructure permits if no response by relevant authority is given within four months. This could build on model offered by Art. 8 Gigabit Infrastructure Act. In-scope projects could be labelled as projects of overriding public interest for Europe's resilience, security or clean tech ambitions. The scope could refer to the 11 sectors covered in the Annex of the Critical Entities Resilience Directive.

FDI Screening Regulation

- Arts 4, 11: Shorten time limit for starting FDI reviews post-investment to 6 months, in order to improve legal certainty for businesses.
- Ensuring better coordination between Member States to harmonise screening processes and their implementation.

New Legislative Framework (NLF)

Revise Blue Guide on implementation of EU product rules, or targeted amendments to EU harmonisation legislation if deemed necessary, to:

- Provide common, overarching definitions for:
  - Concepts of 'substantial modification,' 'refurbishment' and 'remanufacturing,' which have emerged in sectoral rules, including in relation to the circular economy, and lack common understanding under NLF-aligned legislation.
  - Economic operator definitions for 'deployer' (introduced in AI Act), 'professional repairer' (introduced in ESPR), 'independent operator' (introduced in the ESPR and Battery Regulation), 'open-source software steward' (introduced in CRA).
  - Facilitate use of digital solutions like digital product passports (DPPs) to phase out physical markings and paper-based documentation, in order to simplify compliance and align with EU green goals.

Digital User Documentation

- Allowing all product-accompanying information (e.g. safety information, user instructions) to be provided electronically as an alternative compliance option to documentation on paper for each product.

Payment Services Regulation

- Art. 55: Ensure 'authorisation' does not link to consumer's subjective intent or willingness to complete a payment transaction. This ambiguity risks leaving payment service providers without an objective standard, such as strong customer authentication (SCA), to ensure secure and verifiable authorisation.

Regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH)

- Formulate proportional, enforceable thresholds and concentration limits for substance restrictions in complex articles:
  - Process and implementation of Annex XVII restrictions; and
  - Addition of substances to Annex I to Persistent Organic Pollutants Regulation.
- Expand timeframes for collection of complex information on substances in sophisticated supply chains, requiring:
  - Art. 69(6): Expansion of stakeholder feedback window on proposed restrictions from 6 to 9 months.
  - Art. 70: Extension of Committee for Risk Assessment (RAC) opinion period from 9 to 12 months, with flexibility for extensions on complex dossiers.
  - Art 71: Extension of ECHA's opinion period from 12 to 21 months, allowing extensions for complex dossiers.
  - Art. 71(1): Extension of stakeholder feedback period on draft SEAC opinions from 60 days to 6 months.
- Art. 73: Change deadline for Commission draft amendment and decision taking.
- Publication of updated background document during RAC and SEAC opinion development phase.

Replace terminology for calculation methods for collection targets from ‘placed on the market’ to ‘available for collection’ to better reflect reality of WEEE generation and facilitate compliance.

Single Digital Gateway

- Amend Chapter I (general provisions), Chapter II (gateway services), Annex I (information for business exercising their internal market rights) to expand scope and set up EU-funded, AI-powered one-stop-shop platform for EU regulatory advice, giving companies (especially SMEs) reassurance of compliance with all applicable legislation (AI Act, CRA, GDPR, etc.).
- Establish ‘presumption of conformity’ for legislation covered under EU-funded, AI-powered one-stop-shop platform for EU regulatory advice. This would enable companies that obtain pass to ‘demonstrate compliance,’ similar to GDPR codes of conduct/certifications.

Standardisation Regulation

- Art. 10(6): Require citation of harmonised standards within three months from when they are offered by European standardisation organisations (ESOs).
- Art. 13: Ensure proper implementation of these provisions by giving ESOs enough time and resources to identify ICT specifications for public procurement, including in support of interoperability.

Third-party litigation funding

- Propose new safeguards for litigation funders to create an effective justice system to avoid a US-style litigation culture. The safeguards can be modelled around the 2022 European Parliament resolution on responsible private funding of litigation. Such safeguards are essential because the Representative Actions Directive lacks protections against profit-driven and opportunistic claims by third-party litigation funders.

Sustainability compliance

- Align circular economy definitions (e.g. durability, refurbishment) across Right to Repair, ESPR, WEEE Directive and Taxonomy Regulation for enhanced legal certainty.

Waste Electrical and Electronic Equipment (WEEE) Directive

- Art. 7: Replace terminology for calculation methods for collection targets from ‘placed on the market’ to ‘available for collection’ to better reflect reality of WEEE generation and facilitate compliance.
- Art. 14 and Annex IX: Replace crossed-out wheelie bin with digital QR codes, enhancing consumer information and aligning with Battery Regulation.
- Prohibit eco-modulation of WEEE fees across EU, preventing conflicting national policies and reducing compliance costs for companies.
- Prohibit displaying WEEE fees for ICT products, reducing administrative burdens and costs for companies, especially in heterogenous ICT sector.

Waste Shipment Regulation

- Update the Regulation to facilitate intra-EU movements of non-hazardous e-waste (eg. leveraging pre-consented facilities to expedite vetted, recurring material flows) in order to facilitate circularity activities in the EU.

Better Regulation Programme

Appoint Regulatory Scrutiny Board (RSB) members independently through the Parliament and Council, not the Commission, choosing experts from outside the Commission through a clear, open process.

This section proposes a radical overhaul of the way the EU makes laws to better take into account competitiveness. This includes a new role for the Regulatory Scrutiny Board, metrics for impact on time-to-market, and a pre-regulatory sandbox approach to test regulations before widespread implementation.

Strengthening of Better Regulation Toolbox and reform of 2016 Interinstitutional Agreement on Better Law-making.

Impact assessments and regulatory tools

- Prioritise the quantification of impact of any new law on competitiveness, regulatory simplification and reduction of reporting requirements, and economic security. This requires using a standardised methodology and related metrics across all Directorates-General. Metrics should include impact on product/service time to market, compliance costs in the EU relative to other geographies (including full-time equivalents required) and opportunity cost (foregone profits in the EU economy) compared to status quo. Any exceptions to these common metrics must be strongly justified and publicly notified to stakeholders in advance.
- Introduce mandatory cybersecurity assessment by ENISA for all new relevant draft laws, ensuring potential cyber risks are evaluated at the earliest stage and duplicative requirements are avoided. Together with the Cybersecurity Act, it should expand ENISA's mandate to conduct such cybersecurity assessment for any new legislation.
- Stricter conditions for resubmitting a proposal after a first negative opinion by the Regulatory Scrutiny Board (RSB). A second negative RSB opinion prevents adoption of a proposal.
- Commission to carry out a new impact assessment on the scope of radical changes to a proposal in trilogues, if these changes are likely to negatively impact competitiveness.

  The new assessment can be initiated by Commission or at Parliament or Council request.
- Limit delegated and implementing acts to truly technical details, setting clear boundaries in regulations. Ensure industry involvement in all regulatory projects involving these acts.
- Establish a 'ladder of regulation' practice in new non-climate proposals, drawing from the past application in areas like connectivity. The practice consists in setting out obligations that decline over time as market conditions originally justifying the regulation improve. This can only be reversed by the Commission through delegated acts subject to stricter impact assessment (see above).
- Establish 'pre-regulatory sandboxing' approach, i.e. a pilot phase where potential obligations with less solid justifications must first be tested in real-world scenarios. After testing, the obligations can be activated through delegated acts subject to stricter impact assessment (see above).

Regulatory Scrutiny Board (RSB)

- Expand the RSB's role to include the ability to review the initial policy options considered by the Commission, as well as the final option.
- Establish an RSB Stakeholder Subgroup selected by the Commission based on transparent criteria to represent business and civil society. This Subgroup should complement open public consultations.

Stakeholder engagement

- Continue work of the Fit for Future platform on burden lightening and simplification of regulation, and extend its scope to upcoming legislation.
- Extend 12-week public consultation period up to 8 weeks in cases where holiday seasons would hinder effective stakeholder participation.
- Reinstate full EU WhoisWho directory, including all Commission staff, to enhance transparency and facilitate efficient stakeholder engagement in the EU decision-making process. Expand it to European Parliament and Council in the same vein.

Single Market Transparency Directive

- Restrict the misuse of legal exemptions to notification procedure that Member States must follow when they intend to adopt national technical regulations.
- Strengthen the Technical Regulation Information System (TRIS) for effective resolution of incompatibilities with EU law and, where necessary, make use of all other enforcement tools available if TRIS does not successfully address these incompatibilities.
- Improve TRIS notification transparency:
  - Provide up-to-date information on progress of the TRIS notification procedure.
  - Clarify the scope of TRIS notifications to avoid any perceived ambiguity, leading to some national laws being notified only after their adoption.

Data Union Strategy

Compared to Data Act, EU Chips Act entails a more limited scope to semiconductor crises and a reduced frequency of obligations.

The new EU Data Union Strategy is an opportunity to simplify and harmonise existing rules on data from GDPR, the Data Act and other laws, not create more. We call for a unified framework for data governance across the EU with a one-stop-shop authority.

- Amend Chapter IX Data Act to establish EU-level one-stop-shop competent authority that companies can voluntarily opt in to under a 28th regime.
- Remove Arts 32 and 28(1)(b) Data Act due to overlaps with Chapter V GDPR, unclear purpose and unnecessary complexity. Introduce provisions to increase free flow of data with likeminded partners.
- Ensure a practical interpretation of GDPR rules on data minimisation, anonymisation and pseudonymisation to facilitate data processing in an AI and data space context.

Chips Act

- Art. 25: Specify that business-to-government data-sharing obligations in this article are lex specialis and thus take precedence over any other business-to-government data-sharing obligations at EU level (i.e. Data Act, IMERA). Compared to Data Act, the EU Chips Act entails a more limited scope to semiconductor crises and a reduced frequency of obligations. It also considers legitimate interests and capacities of businesses, and includes opportunities for industry consultation to ensure appropriateness and proportionality.

Financial Data Access (FIDA) Regulation

- Art. 4: Specify exceptions for cases where real-time data sharing is not feasible due to technical constraints, data volume or risks to confidentiality, integrity and availability.

European Heath Data Space (EHDS) Regulation

- Amend Art. 33(a) to ensure the electronic health data holder is not obliged to make available electronic health data for secondary use, if it demonstrates to the health data access body any of the following:

a. The electronic health data is subject to the protection of international, Union or national legislation, or a judicial or administrative decision providing an intellectual property right, a sui generis database right or commercial confidentiality, including trade secret protection or regulatory data protection;

b. Making the data available may harm the right or legitimate interest of the data holder due to risks undermining its scientific or technological potential, security measures, strategic market position or ability to compete; or

c. Making the data available may lead to an act of competition by the data user that is contrary to honest practices in industrial or commercial matters, or to a marketing authorisation or reimbursement for a similar product to a product of the data holder.

- If the data holder decides to make available electronic health data for secondary use subject to protections, health data access bodies must support the data holder in implementing and maintaining appropriate legal, technical and organisational measures necessary for the protection of the data holder's acquired rights and related legitimate interests.
- Issue guidelines under Art. 33(a) to clarify how IP, confidential information, trade secrets and regulatory data protection under the EHDS can be upheld by health data access bodies, including by providing data holders with a clear role in assessment of data access requests and suitability of measures put in place to guarantee data confidentiality and security.
  The guidelines should be aligned with clinical trials regulation, the EU Trade Secrets Directive and international treaties on IP and trade secrets such as the Agreement on Trade-Related Aspects of International Property (TRIPS) and other applicable legislation on IP, trade secrets, and regulatory data protection.
- Issue sector-specific guidance on interaction between EHDS and data governance legislation (Data Act, Data Governance Act, GDPR), especially on key issues like:
  - Definitions (e.g. data holder/health data holder);
  - Data sharing obligations under Chapters II and IV EHDS and Arts 3–5 Data Act;
  - Type of data in scope of Art. 33 EHDS and recitals under the Data Act; and
  - International data transfers under Chapter V EHDS, Chapter VII Data Governance Act and Chapter V GDPR.

Social affairs

- Ensure the approach to data in the Action Plan on the Implementation of the European Pillar of Social Rights (i.e. digitalisation in the world of work) aligns with Data Union Strategy.

2

Simplify: One team, one market

Imagine trying to bid for a public contract in Europe and needing to deal with 27 different sets of rules – and submit 27 separate proposals. That's the reality of European companies today. It's a massive roadblock to scaling up. This step is about creating a business-friendly, unified system across Europe, making it easier for companies to navigate and succeed in crucial sectors like defence, energy and connectivity.

Single Procurement Scheme

We propose transforming the Public Procurement Directive into a regulation to harmonise procurement processes, simplifying cross-border engagement and boosting competitiveness in defence and dual-use tech.

Public Procurement Directive

- Turn the directive into a regulation to ensure more harmonised application across Member States.
- Arts 67, 68: Include harmonised digital resilience, cybersecurity, interoperability, data portability, user choice and delivery time as awarding criteria, and limit dependency on single-country sourcing.
- Member States to converge on Ministry of Defence security requirements, avoiding programme- or Member State-specific security regulations and classifications.
- Add elements that facilitate more risk-taking via mission-oriented or functional procurement, fostering the development of innovative European solutions tailored to address and advance European public goods.

European Digital Defence and Critical Infrastructure Fund

- Create a single, voluntary defence procurement fund, building on European Defence Industrial Strategy (EDIS) and European Defence Industry Programme (EDIP), and in alignment with the European Defence Fund's current work.

Free Flow of Non-Personal Data Regulation

- Art. 4: Clarify related provisions override any data localisation requirements in procurement.

Update the Public Procurement Directive to include new standards like digital resilience, cybersecurity, and delivery time, whilst also reducing reliance on single-country sourcing.

European Business Code

- Pan-European, optional 28th regime as outlined in Letta report to generate scale needed to overcome ongoing fragmentation. It should cover the following areas: general commercial law, e-commerce law, company law and securities law.

3 Incentivise: Energy for the finish line

Big ideas are great, but they need funding to take off. This step focuses on providing the right mix of targeted funding, simplified financial frameworks and tax incentives to fast-track tech innovation and build Europe's critical infrastructure.

Make return on investment a key factor in deciding where EU funding goes.

European Critical Tech Investment Plan

We need to focus the EU budget to prioritise critical technology development, ensuring security, competitiveness and resilience. Key measures include creating targeted funding streams, establishing return-on-investment (ROI) criteria and leveraging mixed funding strategies. Scaling up requires €1 billion annually and streamlined rules. We should coordinate our tax incentives to make sure we can compete with other regions.

- Refocus the EU Multi-annual Financial Framework (MFF) to take on a more strategic role as a financier for developing critical technology capabilities across all funding areas. This is vital for the EU's security, competitiveness and resilience, and to provide a robust response to attractive incentive frameworks from other regions:
  - Create single overarching framework in next MFF to merge 52 overlapping EU programmes into unified funding model, modelled around public-private partnerships like InvestEU and allocating 25% to digital initiatives.
  - Create new funding streams to support capital and operational expenditure (grants, loans, guarantees, etc.) for first industrial deployment of critical technologies which are part of the European Economic Security Strategy. Focus should be on technologies with demonstrated potential but not yet available at large scale commercially in the EU.

  A more decisive and coordinated approach to financial assistance at EU level could also guarantee single market integrity.
  - Establish return on investment as key criterion for allocating EU-level funding. Evaluation criteria should include: demonstrated pilot success, scalability potential and commercial viability.
  - Adopt a mix of funding strategies involving MFF grants, loans backed up by the European Investment Bank (EIB) and monetary support for late-stage funding rounds for scaleups. The EIC STEP Scale Up is an initial step to allow EU acquisition of stakes in local strategic companies, but needs to target vigorously all funding rounds including late-stage rounds like Series C and Series D. It also needs to have an available funding pool of at least €1 billion per year to support the scaling up of 40-60 companies and realistically meet the EU's economic security ambitions. Finally, the Commission should simplify the 20% investor pre-commitment requirement for a company to be supported.
- Complement this bolder approach with:
  - A dedicated fund within the EIB to support dual-use projects aligned with Europe's economic security and NATO's critical technology priorities. This should also empower the EIB to act as an investment fund with the capacity to acquire equity stakes or assets in strategic companies at risk of sellout to hostile geographies.

  The EIB should partner with companies from around Europe and likeminded partners to pool resources and ensure commercialisation of European innovation remains in trusted hands.
  - Coordinated, targeted tax credits agreed in Council focusing on those critical technologies. This is key to match the US IRA's success, built around straightforward, transparent, uncapped tax credits for companies applying at federal level.

Recovery and Resilience Facility

- Art. 7: Add a clause mandating the reallocation of any funds unused or unspent by Member States towards initiatives under the Digital Transformation Pillar set out in Art. 3(b), to:
  - Encourage public-private investment models for capital-heavy and strategic sectors aiming for private equity funding and blending with EIB loans and guarantees; and
  - Facilitate the buildout of strategic capabilities in critical technologies defined in the European Economic Security Strategy (e.g. AI, cybersecurity, energy, connectivity, quantum and autonomous systems).

Digital Europe Programme

- Art. 19: Ensure all grants cover up to 100%, not just part, of eligible costs.
- Art. 20: Add a point prioritising real-world impact in award criteria.

Horizon Europe

- Art. 28: Include real-world impact and return on investment in selection criteria for all projects, except those targeting fundamental R&D.
- Art. 31: Set a maximum grant decision time of 5 months.

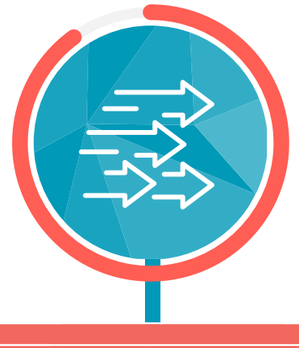
European Digital Defence and Critical Infrastructure Fund

- Art. 12 European Defence Fund: Introduce a clause requiring at least 25% of total budget to be allocated to dual-use projects focused on digitalisation and critical technologies, such as AI, cybersecurity, energy, connectivity, quantum and autonomous systems.

European Digital Health Fund

- Establish a dedicated EU funding programme on health digitalisation. It should include targets and milestones aligned with European semester, with built-in mechanisms to exchange best practices between Member States and incentives for outcomes-based care. It should support: digitalisation of health systems and EHDS implementation; high-impact digital health pilots and large-scale deployments; training healthcare professionals in clinical informatics and usage of digital technologies in healthcare practices; and upskilling of health workforce, including regulators.

Leveraging the EU's convening power to bring together chip makers and end-user industries to facilitate demand commitment.



Tech Competence Workplan

Energy System Digitalisation

- Electricity Market Design Regulation:
  - Ensure implementation focuses on grid digitalisation by adopting a total expenditure approach that integrates digital tools, critical technologies and cloud/edge solutions. This shift from a capital expenditure-only perspective to one that includes operational expenditure is crucial for driving efficient and timely investments in grid digitalisation, reducing consumption and lowering CO_2 emissions.
  - Consistently implement all provisions allowing end-consumers to be remunerated for their flexibility.
- Clean Industrial Deal:
  - Support the twin transition by embracing all energy consumers, including but not limited to energy-intensive industries. Supporting the digitalisation and electrification of industrial processes is key to lower energy prices in the long-term.

Blueprint for Europe's semiconductor growth

- Develop an end-to-end blueprint aligning EU, national and regional semiconductor policies to go beyond the Chips Act and secure long-term, systemic improvements to Europe's semiconductor competitiveness and resilience. Focus areas should include applications like AI, quantum, edge computing, microelectromechanical systems (MEMS), power semiconductors, system integrated circuits, analogue and embedded processing.

The blueprint should:

- Enhance Europe's technology capabilities in key stronghold sectors and make Europe's role indispensable in the technology landscape by:
  - Offering EU-wide incentives for chip manufacturing facilities, such as tax breaks covering both capital and operational costs and, as Draghi recommended, a dedicated EU budget line for semiconductors with the possibility of Member States' co-investment. Coordination of investment policies amongst Member States should be the bedrock for these efforts as it leverages each Member State's strengths and maximises Europe's collective capabilities.
  - Lowering high electronic prices for energy-intensive industries, which are almost double than in US and China. Smart metres and intelligent systems can optimise energy supply for cost-effectiveness and reliability.
  - Developing a high-impact public-private consortium that consolidates expertise and funding from industry, academia and government to fast-track AI chip design R&D. This is especially key in areas such as ASICs and AI accelerators, where Europe's capabilities are relatively scarce.
  - Advancing the development of new materials like graphene, spintronics and materials supporting quantum computing innovation.
  - Deepen strategic partnerships with likeminded countries to secure supply chain resilience, including through free trade agreements and digital partnership schemes.

We propose coordinated tax breaks for training, aiming to certify 2 million ICT specialists annually, with gender balance. The workplan encourages the expansion of digital skills programmes and the establishment of ten cyber training campuses under ERASMUS+.

Coordinated tax deductions

- Establish a Council decision to roll out coordinated tax breaks for employee training expenses across Member States, aiming to certify 2 million ICT specialists annually (equally split between men and women) in critical technologies over the next five years.
- Priority focus areas should be critical technologies as defined by Commission and NATO, such as AI, cybersecurity, energy, connectivity, quantum and autonomous systems.

Digital Education Action Plan

- Increase funding for digital skills development, targeting all age groups and underserved regions through mechanisms like the European Social Fund (ESF) and the European Regional Development Fund (ERDF).
- Promote skills-first approach that prioritises competencies and experience over formal qualifications to close digital skills gap in workforce.
- Expand digital education in schools, particularly IT-focused tracks, and ensure curricula align with market demands.
- Improve access to digital devices in schools by fostering public-private partnerships to guarantee equal opportunities for all students.
- Combat misconceptions about technology in education through research-driven communication, ensuring benefits of balanced digital learning are widely understood.
- Strengthen skill certification programmes and curricula design to ensure workforce competencies are formally recognised and aligned with market needs, maximising the impact of EU funding.

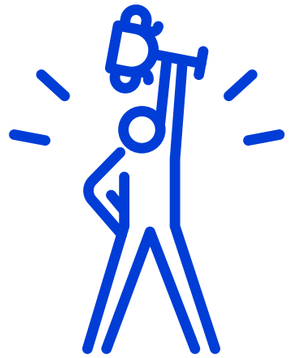
ERASMUS+ programme

- Establish ten public-private cyber training campuses by 2030, and promote industry-aligned certification goals through such campuses.
- Promote the integration of basic financial education into school curricula and provide free courses for EU citizens. This will enhance financial literacy, empower individuals to make informed financial decisions, and improve their ability to identify and protect themselves against emerging online fraud.

Connectivity Act

Europe should focus on accelerated network deployment and EU-level spectrum coordination. These are essential to the digital transformation and competitiveness.

- Targeted reform of the European Electronic Communications Code (EECC), centred around connectivity investment as key driver in Europe's global competitiveness.
- Incentivise the deployment and take up of secure, transformational 5G at speed and scale to drive Europe's global competitiveness.
- Measures to accelerate transition from copper to fibre and other technologies (such as fixed wireless access and low Earth orbit) through revised access policies that reduce ex ante regulation whilst allowing national regulatory authorities to maintain oversight under reverse burden of proof.
- Incentivise investment in the deployment of secure, transformational connectivity at speed and scale to drive Europe's twin transition and global competitiveness. Ensure sustainable market scale and strengthen EU-wide coordination and best practice on spectrum licensing and pricing.
- Better coordination of public aid to bridge the connectivity investment gap.
- Improved enforcement of EU Toolbox for 5G security within a set timeframe, with periodic evaluations of Member States' network plans to ensure sensitive elements are from trusted vendors.



Conclusion

Over the next five years, we have the chance to redefine Europe's digital landscape. With the right game plan, we can secure our position as a global digital powerhouse – one that champions innovation, resilience and prosperity for generations to come.

DIGITALEUROPE represents the voice of digitally transforming industries in Europe. We stand for a regulatory environment that enables businesses to grow and citizens to prosper from the use of digital technologies.

We wish Europe to develop, attract and sustain the world's best digital talents and technology companies.

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