

Startup & Scale-Up Strategy

Context

The European Commission published the EU Startup and Scaleup Strategy, addressing the urgent need for Europe to position itself as a global startup powerhouse. While Europe already has a robust foundation, including a skilled workforce, a stable regulatory environment, and an advanced research and innovation framework, significant challenges persist.

Startups and Scaleups face hurdles in transitioning innovations from lab-to-market, accessing capital, securing talent, and navigating regulatory fragmentation across Member States. **Europe experiences two critical "valleys of death":**

- 1) initially during the commercialisation of innovative products,**
- 2) and subsequently when scaling companies.**

The relocation of approximately 30% of European unicorns outside the EU highlights the severity of these challenges, placing Europe's strategic autonomy and technological competitiveness at risk.

Objectives

The Strategy aims to transform Europe into an optimal location for starting and scaling technology-driven businesses, encouraging innovators and investors to choose Europe. It introduces a range of legislative, policy, and financial support mechanisms designed to overcome existing barriers.

Key objectives include creating a dynamic innovation ecosystem, enhancing regulatory agility, streamlining market access, simplifying company operations through initiatives like the **European Business Wallet**, and promoting innovative financial instruments such as the **Scaleup Europe Fund**.

Furthermore, it addresses talent retention and attraction via initiatives like the **'Blue Carpet'**, designed to ease cross-border mobility and simplify administrative processes for skilled professionals and entrepreneurs.

Impact of the Strategy on Maltese businesses

- **Regulatory Simplification:** Initiatives like the European Business Wallet and the proposed 28th regime for companies will aim to streamline regulatory requirements, to significantly reduce administrative burdens, and enable businesses to easily establish, operate, and scale throughout the Single Market. **From a Maltese**

perspective, it is paramount that national competences in relevant areas such as insolvency, labour and tax laws are respected.

- **Enhanced Financial Support:** The introduction of financial instruments such as the Scaleup Europe Fund is designed to bridge the financing gap for deep-tech and high-risk scaleups. The expansion and simplification of the European Innovation Council (EIC) funding processes will facilitate access to substantial investment capital. This increased access to finance addresses critical funding barriers and supports growth and innovation, particularly for high-risk, capital-intensive sectors.
- **Market Expansion Opportunities:** By promoting pro-innovation procurement measures and fast market uptake, the strategy provides startups greater opportunities to secure public contracts and establish partnerships with larger corporations, thereby accelerating their market access and scaling potential.
- **Talent Attraction and Retention:** The Blue Carpet initiative, which simplifies cross-border mobility and employment procedures, along with the harmonisation of Employee Stock Options (ESO), makes it more attractive for highly skilled professionals and entrepreneurs to join and stay in European startups, enhancing their competitiveness.
- **Infrastructure and Network Access:** Improved access to European research infrastructures, networks, and services will enable startups to rapidly test, validate, and scale their products, significantly accelerating their commercialisation process.

Way Forward

The EU Startup and Scaleup Strategy is crucial for Europe's competitiveness and economic resilience. For successful implementation, swift and collaborative efforts among EU Member States, stakeholders, and institutions are imperative.

Regular monitoring via the proposed **European Startup and Scaleup Scoreboard** will ensure accountability and assess progress with defined indicators, including increased numbers of startups and unicorns.

Moving forward, active participation by business leaders, continuous feedback, and sustained political support will be essential to fully capitalise on the potential of this strategy, ensuring Europe's position as a global innovation leader.

The full Startup and Scale-Up Strategy can be accessed [here](#).

Disclaimer: This is a policy brief to create awareness about this initiative and for information purposes. It is not an official position of the Malta Business Bureau.

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