EUROCHAMBRES

FROM SEED TO SCALE:

10 RECOMMENDATIONS TO FUEL START-UP AND SCALE-UP GROWTH IN EUROPE

From Seed to Scale: 10 Recommendations to Fuel Start-Up and Scale-Up Growth in Europe

I. Executive summary

To foster a globally competitive start-up ecosystem, the EU must take decisive action to:

01 **Address fragmentation among European markets**, further integrating the Digital Single Market and facilitating cross-border e-commerce to enable seamless scaling for start-ups.

02 **Improve access to finance for European start-ups** by establishing a savings and investments union, encouraging institutional investment in venture capital, and strengthening EU-level financial instruments.

03 **Provide concrete administrative simplification for start-ups and scale-ups**, allowing them to allocate more resources towards innovation and growth, rather than navigating complex compliance and reporting requirements.

04 **Develop innovation hubs and entrepreneurial ecosystems** with the support of chambers of commerce and industry. Foster the creation of networks where start-ups can share suppliers, infrastructure, and knowledge, leading to economies of scale and lower operational costs.

05 **Foster collaboration** between the public sector, corporations, and academia with start-ups by reducing barriers to public procurement, encouraging corporate partnerships, and bridging the gap between research and entrepreneurship to accelerate innovation and market entry.

06 **Cultivate a pro-entrepreneurship culture and support business transfer in the EU** by promoting a mindset that embraces innovation, risk-taking, and learning from failure.

07 **Attract and retain talent** by ensuring the EU remains an attractive destination for skilled international workers and by facilitating the relocation of skilled professionals.

08 **Integrate entrepreneurship into education** at all educational levels, emphasising practical skills, creativity, problem-solving.

09 **Leveraging the potential of university start-up centres** by reducing equity stakes in start-ups, standardising and streamlining spin-off terms and the transfer process of IP across European universities.

10 **Provide support and incentives for deep tech start-ups** by developing a dedicated EU Deep Tech strategy to address their long development cycles and capital needs.

II. Introduction

The EU Strategy for Start-ups and Scale-ups is a key initiative aimed at closing the existing innovation and productivity gap between the European Union and its global competitors. This strategy aligns with the European Commission's political priorities for 2024-2029, which focus on simplifying the regulatory environment and removing administrative barriers, in particular for innovative companies.

The strategy builds on earlier initiatives, such as the SME Relief Package, the 2022 New European Innovation Agenda, and the 2024 Budapest Declaration on the New Pact for European Competitiveness. Furthermore, it aligns with current proposals and announced strategies, including the Single Market Strategy, the European Innovation Act, the European Union of Skills, and the Communication on a Savings and Investment Union, ensuring a cohesive approach to advancing European competitiveness.

III. Why the EU Strategy for Start-ups and Scale-ups matters to chambers

Europe's capacity for innovation is of crucial importance for the continent's international competitiveness, as it is a key factor in ensuring continued economic prosperity, technological sovereignty, resilience, and global influence. The role of start-ups and scale-ups in this regard is particularly salient, given their capacity to introduce novel, and at times transformative, products and solutions to the market. These entities are well-positioned to address pressing societal challenges, contributing significantly to both the green and digital transitions.

To facilitate this contribution, the EU Start-up and Scale-up Strategy aims to provide comprehensive measures that address the existing barriers encountered by EU start-ups and scale-ups when attempting to expand within the EU single market. The overarching objective of the strategy is to enhance the prevailing framework conditions for EU start-ups and scale-ups through a diverse array of policy, financial, and legislative measures. The successful implementation of this strategy will require close cooperation with national governments and business representative organisations such as chambers of commerce and industry.

IV. 10 recommendations to help build a globally competitive European start-up and scale-up ecosystem

1. Addressing Europe’s market fragmentation

The problem: Difficulties scaling in a fragmented market

Scaling a start-up within the EU remains significantly more challenging than in the US due to Europe's fragmented regulatory and jurisdictional landscape.

European founders face significant hurdles when expanding beyond their home countries, encountering varying national regulations which lead to increased time and financial burdens. These span many areas:

Company Formation	Taxation	Fragmented investor Network	Employment and Labour Laws
Barriers along Supply Chain	Consumer Protection Laws	Data Protection	

When European start-ups decide to scale, they must navigate a patchwork of 27 distinct national legal frameworks for company registration and licensing, diverting critical resources from growth to compliance. In addition, the diversity of corporate tax systems across Europe imposes compliance costs averaging 1–2% of turnover (about €15,000/year for SMEs), according to an EPRS study, with smaller firms and start-ups disproportionately affected. Cross-border operations also face double taxation risks. While the VAT in the Digital Age (ViDA) scheme, adopted in March 2025, simplifies exemptions for turnovers under €100,000, businesses exceeding these thresholds still contend with multiple national VAT systems.

Fragmentation extends beyond legal and tax issues. Access to funding remains uneven, with fragmented investment networks limiting opportunities for start-ups in smaller markets. Regulatory compliance burdens are compounded by differing rules on data protection, digital competition, and sector-specific requirements. Employment and labour law fragmentation results in inconsistent protections, complicating cross-border hiring and mobility. Consumer protection laws, while harmonised in some respects, still require businesses to adapt to local nuances in implementation.

Start-ups and scale-ups also face operational barriers along their supply chains. Unlike their US and Chinese counterparts, European companies grapple with high shipping costs, complex customs regulations, and fragmented digital infrastructure, all of which hinder efficient cross-border commerce.

This difficulty to scale in Europe encourages start-ups to internationalise earlier than American counterparts. A 2020 study by McKinsey[1] found that approximately 70% of European unicorns needed to establish a global presence early on, compared to only 50% of their US counterparts.

To more effectively tackle the obstacles listed above, we recommend the following policy measures:

a. Completing the European Digital Single Market (DSM)

Further integration of the DSM would benefit European start-ups and scale-ups by making it easier for them to expand their digital activities across the EU. It would make it easier for consumers and businesses to access digital goods and services across borders, ensure wider access to online content across the EU and help remove national barriers to online transactions. A fully functioning DSM could contribute up to €415 billion annually to the EU economy and create hundreds of thousands of new jobs (Council, 2020). This would allow start-ups and scale-ups in Europe to achieve economies of scale more quickly.

b. Standardised founding process via a one-stop shop & introduction of EU Inc.

The European Commission in cooperation with EU member states should work towards enabling a standardised founding process via a digital one-stop shop. A successful example of this on a national level is the digital registration procedure introduced in July 2016 in Italy allowing innovative start-ups to register online through the chamber of commerce, eliminating notarial deed requirements, reducing costs by 2.000€, and accelerating

[1] *Kim Baroudy, Jonatan Janmark, Abhi Satyavarapu, Tobias Stralin & Zeno Ziemke, Europe's Start-Up Ecosystem: Heating Up, but Still Facing Challenges, MCKINSEY & CO. (Oct. 11, 2020).* https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/europes-start-up-ecosystem-heating-up-but-still-facing-challenges

company formation. By removing administrative barriers, this initiative facilitates cross-border expansion, enabling Italian start-ups to scale faster and access a larger customer base.

At present, the existing pan-European legal form “Societas Europaea” (SE) is unsuitable for start-ups and SMEs, partly due to the complex requirements and high capital requirements. We are hence in support of the general introduction of an optional private legal entity that does not exclude or discriminate against companies on the basis of their size. This legal entity should be a digital-first, cross-border corporate framework within the EU, designed to simplify business operations across member states while respecting national sovereignty. Key benefits would include reduced administrative burdens through digital tools and harmonised corporate rules for legal certainty. Unlike traditional structures it avoids high capital requirements and prioritises flexibility, making it ideal for both start-ups and SMEs to invest across borders.

c. Implementing a cross-border investor accreditation system

The implementation of a cross-border investor accreditation system would allow accredited investors to fund start-ups in any EU country without additional regulatory burdens. This would entail replacing varying national standards with EU-wide accreditation thresholds based on financial sophistication, expertise, or professional credentials.

d. Harmonisation of fund regulations in Europe

In parallel, the harmonisation of fund regulations, including the creation of a "VC Passport" for uniform fund registration, would significantly reduce administrative barriers for venture capital firms operating across borders. The introduction of standardised EU-wide tax rules for venture capital and carried interest, with a capped rate of 15–20%, would further enhance investor confidence and contribute to a more integrated and competitive European investment landscape.

e. Facilitating patent protection for start-ups

We further call for the reduction of application costs for emerging companies seeking patent registration, as suggested by Mario Draghi’s report on the future of European competitiveness. We advocate for the full adoption of the Unitary Patent Court across all EU member states. At present, European patents with unitary effect registered by the European Patent Office (EPO) are recognised in 18 EU member states that have ratified the Unified Patent Court (UPC) Agreement. This would allow European companies to get patent protection in up to 25 EU member states (only 25 agreed to participate in enhanced cooperation) by submitting a single request to the EPO.

f. Further standardise business exit procedures

Business exit procedures across the EU should be significantly simplified and standardised to facilitate mergers, acquisitions, and IPOs. This would involve implementing unified rules and streamlined digital processes that reduce the administration and accelerate approvals. By establishing clear, consistent exit strategies and enabling cross-border recognition of filings and disclosures, the EU can enhance transparency and predictability, thereby attracting greater investment.

g. Open questions regarding a potential 28th Regime

In the absence of a published proposal from the European Commission and with many key questions still unanswered, Eurochambres has not yet adopted a formal position on the

proposed 28th regime. If such a regime were to be adopted, it would need to be inclusive and open to all companies, thus including but not being limited to “start-ups” and “scale-ups” or “innovative” companies. Additionally, if a 28th regime was to be introduced, it must have clear and accessible opt-in criteria and respect the distribution of competences between the European Union and the EU Member States.

2. Unlocking access to finance for European start-ups

The problem: A persistent funding gap

Europe boasts a strong innovation landscape with a high density of research activities, patent filings, and ambitious start-up teams. However, significant bottlenecks exist in the availability of venture capital. While venture capital is available on a large scale in the US and China, European start-ups receive up to 70-80% less capital than their US competitors at every stage of development, from the seed round to later-stage financing. The gap is particularly great however in first-time VC funds, Seed C funding, and Series A & B venture capital funds. These are the critical stages where funding shortages can halt or slow down progress for promising start-ups.

Europe’s fragmented capital markets, combined with a risk-averse banking system, exacerbate the funding shortage. Banks tend to prioritize traditional loans over higher-risk investments, making it difficult for high-growth, early-stage start-ups to secure the capital they need.

To address the shortcomings listed above, we recommend the following policy measures:

To remain competitive with US and Asian investors, Europe needs more locally headquartered, risk-tolerant growth-stage VC funds. Europe’s objective must be the creation of a liquid secondary market for venture capital investments across Europe that would allow for more fluid capital turnover, enabling venture capital investors to exit more easily and reinvest in new opportunities.

a. Establish a Savings and Investments Union (SIU)

The SIU presents a strategic opportunity to address existing needs for liquidity for start-ups and scale-ups, with most EU companies still largely relying on traditional banking channels. Deepening the capital markets, such as through further harmonisation of EU stock exchange listing regulations, would help reduce the financing gap for start-ups and scale-ups and make the EU more attractive to global investors. To make the SIU a reality, the channelling of private savings must be encouraged by simplifying the “investor journey”. While the creation of new financial products is not considered necessary to stimulate retail investment, given that the current market already offers sufficient opportunities, products with significant fiscal incentive components should be considered, particularly those aimed at investments in innovative companies.

b. Strengthening EU-level financial instruments

EU-level institutions should take a stronger role in addressing the persistent funding gap. It is recommended that the European Investment Bank (EIB) and the European Innovation Council (EIC) increase support for high-growth firms and blended finance models, pooling

resources with member states to enable larger and more targeted investment funds. One way this could be done is through the creation of a “European Fund for Radical Innovation”, aimed at fostering deep-tech and breakthrough innovation.

c. Encouraging greater institutional investment in venture capital

European pension funds face regulatory restrictions that limit their ability to invest in private, high-growth companies, creating a funding gap for tech start-ups. In contrast, the US venture capital ecosystem benefits from strong institutional investor participation, including pension funds and university endowments. The EU should consider adapting the Solvency II Directive to reduce capital requirements for venture capital investments by insurance companies and pension funds, which would make it easier for these institutions to participate in high-growth investments. In France, leading institutions such as HEC, *Polytechnique, Centrale Supélec,* and La Sorbonne have begun to launch their own early-stage investment funds, but such practices need to be scaled.

d. Strengthening European Stock Exchanges

Many European start-ups tend to carry out their IPOs in the US, where larger volumes are possible. In 2024, the issue volume in the US rose to USD 32.7 billion, compared to USD 19.1 billion in Europe. This limited access to capital restricts the growth opportunities of European start-ups, making them dependent on smaller investors and creating challenges in establishing themselves in international markets.

The ECB highlights that IPO activity is closely linked to market size, with larger, consolidated exchanges such as the NYSE and NASDAQ attracting more listings due to deeper liquidity and greater visibility. Europe’s fragmented capital markets create a negative feedback loop: fewer listings reduce market depth, which in turn makes EU exchanges less attractive for future IPOs. This is compounded by the complexity and high costs of navigating regulatory requirements, which could be alleviated through further harmonisation of EU stock exchange listing regulations. In addition, the limited number of compelling exit opportunities on European stock exchanges compared to the NASDAQ, poses an additional hindrance.

e. Tax incentives for investors

An additional key recommendation is the introduction of targeted tax incentives to stimulate investment in venture capital and private equity across Europe. Measures such as participation allowances and loss compensation can help mobilise private capital by making investments in risk-bearing assets more attractive. In particular, banks, pension funds, and insurance companies should be encouraged to invest in venture capital through regulatory reforms and fiscal incentives that broaden the capital base available for start-ups. The EU could promote tax incentives for angel investors, drawing inspiration from the British model, which offers tax relief of up to 30% on qualifying start-up investments. Additionally, reducing withholding tax on cross-border venture capital investments would enhance the attractiveness and competitiveness of European funds, helping to channel more private capital into the innovation ecosystem. Another possible solution is the creation of EU-level "funds of funds" that channel institutional capital into private equity and venture capital funds, allowing the financial sector to play a more active role in supporting innovation and scaling high-growth companies.

An Italian Best-Practice

An example of a successful initiative from the chamber network Innexta, a consortium company within the Italian chamber network, with ownership comprising Unioncamere and

major Italian chambers of commerce. Given the strong link with the chamber network, Innexta's initiatives are closely aligned with the needs of local businesses across various regions by, for instance, effectively disseminating financial knowledge opportunities. Innexta developed Finnexta, an equity crowdfunding platform that enables start-ups and SMEs to present their projects to potential investors, allowing them to raise capital and diversify funding sources beyond traditional banking channels.

3. Providing concrete administrative simplification for start-ups and scale-ups

Boosting Europe's competitiveness requires simplifying compliance administration and digitalising regulatory paperwork, not only for SMEs and large corporations, but also for start-ups and scale-ups. We recommend the following policy measures:

a. Streamlined application process for EU investment programmes and grants

A crucial first step is to reform the application process for EU investment programmes and grants. Currently, the process is overly complex and fragmented, creating unnecessary barriers for start-ups. Simplification should involve reducing reporting obligations, consolidating fragmented programmes, and introducing smarter performance indicators. Additionally, AI tools could be leveraged to match start-ups with appropriate funding schemes and streamline the application process. Post-grant reporting requirements also need to be reviewed, as the current system imposes disproportionate burdens on early-stage businesses, diverting valuable resources away from innovation and growth.

b. Building an adaptive regulatory framework

In parallel, regulatory frameworks must evolve to reflect the realities of fast-growing businesses. The introduction of regulatory sandboxes and a compliance ladder would provide a more proportionate and flexible approach, allowing rules to adapt as start-ups scale. The implementation of digitalised regulatory procedures and simplified compliance mechanisms would further reduce administrative overhead and lower entry barriers across sectors.

c. Need for comprehensive competitiveness check

To ensure that new legislation remains outcome-focused, innovation-friendly, and easy to implement, the European Commission should always conduct thorough SME and competitiveness checks.

d. Promote the expansion and use of regulatory sandboxes

Regulatory sandboxes provide a controlled environment where innovators can test new products, services, or business models without immediately facing the full burden of regulatory compliance. This reduces the time and costs associated with bringing innovations to market, allowing start-ups to launch their offerings more quickly and efficiently. Alongside existing national regulatory sandboxes, we therefore advocate for the creation of additional European and multi-jurisdictional regulatory sandboxes and more targeted European testing and experimentation facilities (TEFs).

A clear example of well-intentioned legislation unintentionally hindering SMEs, start-ups, and innovative companies is the General Data Protection Regulation (GDPR). Although designed to safeguard consumer privacy, GDPR has posed significant compliance challenges for smaller businesses. For most businesses, GDPR questionnaires take days

to complete. The complexity and high costs of implementation disproportionately affect start-ups, while larger tech companies are better equipped to manage these demands, further entrenching their market dominance. To prevent privacy regulations from stifling innovation and competition, it is essential to streamline GDPR compliance also for start-ups and scale-ups. Therefore, the impact of GDPR on start-ups should be reviewed to reduce compliance burdens. Further examples of regulation posing compliance challenges for businesses can be found in Eurochambres 60 regulatory burden reduction proposals.

4. Developing innovation hubs and entrepreneurial ecosystems

The success of start-ups is closely tied to the strength of their entrepreneurial ecosystems. These consist of skilled talent, accessible markets, financial capital, and support services such as mentorship, incubators, and professional networks. Establishing innovation clusters with distinct thematic focuses where start-ups share suppliers, infrastructure, and networks can lead to economies of scale and lower operational costs. Furthermore, VC firms tend to prefer funding companies that are within spatial proximity, where they can leverage local networks and maintain close oversight. Therefore, European policymakers should support the development of such clusters and innovation valleys by providing funding and regulatory relief for the development, testing, and prototyping of new technologies within these.

In Europe, such entrepreneurial clusters are significantly driven by the support from chambers of commerce and industry. This is reflected in the important contribution of the chamber network to the work of the Enterprise Europe Network (EEN), providing tailored advice for businesses in the uptake of digital solutions. In this regard, Eurochambres calls on the European Commission to continue and reinforce services provided by EU advisory networks, such as the EEN, to help SMEs and start-ups to navigate the single market, seize concrete business opportunities, access adequate EU funding, drive innovation and expand into foreign countries.

	Examples of Successful Chamber Initiatives
Luxembourg House of Entrepreneurship & House of Startups	The Luxembourg House of Entrepreneurship, an initiative by the Luxembourg Chamber of Commerce, serves as a central hub for entrepreneurs and SMEs. It offers tailored support across all stages of business development, including company incorporation, immigration, bank account setup, and regulatory guidance. The House also hosts the SME Development service, business transfer and succession planning support, and the Investment Care Platform (ICP), which assists high-potential foreign companies. It acts as a key connector in the entrepreneurial ecosystem. The House of Startups (HoST), created by the Luxembourg Chamber of Commerce, is an innovation campus that accelerates startup growth by bringing together multiple incubators and accelerators. Located in central Luxembourg City, HoST promotes cross-sector collaboration among startups, corporates, investors, ministries, and other players. Alongside flexible office space, it provides business development, scaling, and fundraising support. Its

	community-driven events enhance the visibility of Luxembourg's startup ecosystem and fuel entrepreneurial momentum.
Polish Creativity Center Targowa	The Centre of Creativity Targowa (CCT), operated by the Polish Chamber of Commerce through a 10-year public-private partnership and housed in Warsaw, has equally been very successful at developing such an innovation hub for creative industries in Poland and beyond. The centre offers free training sessions, lectures and workshops to entrepreneurs and actively collaborates with a wide range of partners, including industry leaders, academic institutions, and government bodies, to strengthen the creative ecosystem. They organise numerous events supporting entrepreneurship and have published a comprehensive report on the state of the creative industries in Poland.
French University Innovation Hubs	France has adopted a proactive approach to fostering innovation clusters by encouraging strategic partnerships between Grandes Écoles, research institutions, and industrial players. Central to this strategy are initiatives like the "Investments for the Future" programs, which support collaborative R&D and technology transfer. A leading illustration of this model is Université Paris-Saclay, consistently ranked among the top global institutions in mathematics and physics. Its close collaboration with industry partners accelerates the commercialization of research and supports the emergence of deeptech start-ups, enabling them to scale technological readiness levels (TRL) more efficiently while fostering strong regional integration. To further anchor innovation within regional ecosystems, France has launched the *Pôles universitaires d'innovation* (PUIs, University Innovation Hubs). These hubs serve as localized platforms for entrepreneurship and innovation, aligning with territorial specificities such as workforce skills, land use, and industrial capabilities. As they expand, PUIs hold the potential to become pillars of a broader European innovation policy, reinforcing interconnected ecosystems and supporting start-ups throughout their growth journey.
European Digital Innovation Hub (EDIH) Network	The European Digital Innovation Hub **(**EDIH) network also plays a crucial role in developing European innovation hubs, with many European chambers of commerce and industry being vital contributors to this network. For instance, Unioncamere is a key participant in I-NEST, one of the 13 EDIHs recognised in Italy as of June 2022. Launched on 26 October 2022, I-NEST provides comprehensive support, leveraging advanced network infrastructures and cloud-native intelligent services to drive innovation. In addition, the European Institute for Technology (EIT), if expanded, could act as a key transfer channel between universities, research institutions, and companies, within these clusters, including promoting links with SPRIN-D.

5. Fostering collaboration

a. Strengthening collaboration between public sector & start-ups

Currently, only a minor proportion of revenue for start-ups is derived from the B2G (Business-to-Government) sector, as governments represent a substantial yet untapped market for them. Conversely, governments stand to benefit greatly from the innovative solutions and specialised expertise that start-ups provide.

Reducing access barriers to public tenders for start-ups in the EU is crucial, particularly in strategic technology areas such as AI, defence tech, and space tech. Start-ups often face significant challenges in entering public procurement markets and typically gain access only by joining consortia with established players or acting as subcontractors. Lowering these barriers must go hand in hand with actively facilitating and incentivising collaboration between start-ups and established companies to unlock the full potential of innovation-driven partnerships.

To support greater start-up participation, EU public procurement guidelines should be revised to prioritise outcome-based specifications over rigid, method-driven requirements. This would create space for innovative, tailored solutions from agile market entrants. In addition, procurement law should be updated to include experimentation clauses and an increased use of functional performance specifications. These reforms would reduce entry barriers, stimulate competition, and bring public procurement more in line with the EU's strategic objectives in fostering innovation and advancing critical technologies.

b. Strengthening collaboration between corporations & start-ups

Strengthening collaboration between corporations and start-ups presents significant opportunities for both sides. Start-ups benefit from access to corporate resources, established customer bases, mentorship, and funding, which accelerates their growth and market entry. For corporations, partnering with start-ups enables the rapid integration of innovative technologies, business models, and fresh perspectives, helping them stay competitive and agile in a fast-changing environment. However, many large European corporations still rely heavily on established providers, making it challenging for start-ups to break in as innovation partners. In contrast, ecosystems in the US and China more readily embrace early-stage collaborations, which speeds up the adoption of cutting-edge solutions.

The EU and its member states can boost collaboration between startups and large corporations by implementing targeted policies and initiatives. Programs like Startup Europe connect startups, investors, and ecosystem builders, while the European Innovation Council facilitates partnerships and access to innovative SMEs through corporate days, acceleration services, and venture client models. Member states can support this by creating national innovation strategies, simplifying regulations, and providing dedicated funding to encourage collaboration. Strengthening coordination across regions and leveraging EU funds effectively will foster a culture of open innovation and accelerate startup integration into the broader economy. Additionally, initiatives like the EU-LAC Digital Accelerator promote international partnerships, expanding opportunities beyond Europe. Open innovation can be an additional tool to expand collaboration. It leads to the integration of both internal and external ideas to drive innovation, breaking away from traditional closed R&D models. By embracing open innovation, corporations are more likely to collaborate with startups.

c. Strengthening collaboration between academia & start-ups

To accelerate the commercialisation of research, particularly in deep-tech and emerging technologies, it is essential to strengthen the European Research Area (ERA) by bridging the gap between academia and entrepreneurship. Enhanced collaboration between researchers and start-ups is crucial for transforming scientific breakthroughs into market-ready solutions. Dedicated funding schemes can support the practical application of research, helping to bring academic discoveries to market more efficiently. These schemes should also enable start-ups to more easily access public research institutions and labs.

A good example of successful collaboration is the Université de Bordeaux, which has built a network of 32 certified platforms open to both researchers and industry. These enable co-development of patents and the incubation of startups. This "open" approach acts as a catalyst for cooperation and a lever of competitiveness for local ecosystems.

6. Cultivate a pro-entrepreneurship culture and supporting business transfer in the EU

a. Cultivating a pro-entrepreneurship culture

Europe's cultural perception of failure stifles innovation. Unlike in Silicon Valley, where failure is seen as a learning experience, many European entrepreneurs struggle with societal stigma if their businesses do not succeed. In a survey of European entrepreneurs, conducted by Van Weele et al. (2018)[2], the majority expressed the view that entrepreneurship is perceived as a high-risk career choice and that their social environment was sceptic towards their aspirations to start a business. This cultural reluctance also affects investment trends, as European investors tend to favour lower-risk assets, limiting funding for high-growth start-ups.

Media representation plays a key role in shaping public attitudes, yet studies[3] show that only 17% of German press coverage portrays entrepreneurship positively, compared to 39% in the US. There are also fewer successful entrepreneurs in Europe who could serve as role models for new entrepreneurs. In addition, in many European countries, self-employment is less attractive socially and fiscally than a traditional employment relationship. These factors contribute to the fact that fewer people are opting for entrepreneurship. To change this mindset, the EU should promote entrepreneurship through education and media campaigns that highlight success stories and normalise failure as part of the innovation process. Initiatives such as the French "*Entreprendre, c'est possible*" campaign by Bpifrance highlight the potential of communication strategies that blend inspiring testimonials, storytelling, and education to dismantle cultural barriers and spark entrepreneurial ambitions.

At EU level, the Erasmus for Young Entrepreneurs (EYE) programme represents a concrete initiative aimed at tackling some of these structural and cultural barriers. By facilitating cross-border exchanges between aspiring entrepreneurs and experienced host entrepreneurs in another participating country, the programme enables the transfer of knowledge, skills, and practical insights into running a business. In doing so, it contributes to building a stronger

[2] Van Weele, M. et al. (2018). *Start-EU-up! Lessons from international incubation practices to address the challenges faced by Western European start-ups*. The Journal of Technology Transfer, 43(5), 1161–1189. *Start-EU-up! Lessons from international incubation practices to address the challenges faced by Western European start-ups*

[3] Kim Baroudy, Jonatan Janmark, Abhi Satyavarapu, Tobias Stralin & Zeno Ziemke, *Europe's Start-Up Ecosystem: Heating Up, but Still Facing Challenges*, MCKINSEY & CO. (Oct. 11, 2020). Europe's start-up ecosystem: Heating up, but still facing challenges | McKinsey

entrepreneurial culture and fostering international cooperation among SMEs. However, despite its impact, the EYE programme operates on a comparatively modest scale and budget, especially when contrasted with other EU instruments, which benefit from significantly larger resources and visibility.

b. Facilitating business transfers

Building a pro-entrepreneurship culture involves not only encouraging people to start new businesses but also motivating them to take over and grow existing ones. With Europe facing significant demographic challenges, approximately 450,000 businesses are transferred each year. The stakes are high with around 2 million jobs at risk annually, making this a growing concern for the chamber network.

Despite one in three European business transfers risking failure, they are still on average more successful that startups that are created from scratch. In Austria, 96% of transferred businesses are still active five years after the handover, compared to 75% of startups created from scratch. Yet, business transfer remains undervalued, often seen as a technical or estate-related transaction, whereas it is truly an entrepreneurial adventure, one that drives growth, innovation, and local embeddedness.

Successful business transfers are key to Europe's competitiveness as they protect jobs, secure tax revenue, foster innovation, reinforce local entrepreneurial ecosystems, and reduce dependencies on foreign industrial capacity and digital technologies. They represent a win-win opportunity, enabling established entrepreneurs to pass on their businesses while offering younger entrepreneurs the chance to take over and grow existing companies, fostering continuity, growth, and scale-up potential.

To make business transfer a fully-fledged component of European entrepreneurial policies, several barriers must be addressed: a. a lack of awareness among both sellers and buyers, b. fragmentation of data (with unconnected local databases), c. persistent inequalities in access to aid, grants, and financing between business creation and acquisition and d. regulatory and fiscal complexity, particularly discouraging for cross-border transfers.

In a recent position, Eurochambres and other business organisations urged the European Commission to ensure that the EU Start-up and Scale-up Strategy acknowledges and leverages the potential of business transfers by proposing coordinated policy actions at both the EU and national levels to simplify the regulatory, fiscal, and administrative environment for the transfer of businesses.

7. Attracting and retaining talent

Attracting global talent is essential for building a thriving tech ecosystem. In the US, immigrants have played a pivotal role in the success of high-growth companies, with 55% of billion-dollar start-ups having at least one immigrant founder. In contrast, Europe lags behind, with fewer than 13% of unicorn start-ups having founders from minority ethnic backgrounds, highlighting a significant diversity gap in the region's entrepreneurial ecosystem. Furthermore, visa restrictions and regulatory barriers make it more challenging for highly skilled professionals to work in Europe. Unlike the US's H-1B visa system, the EU's Blue Card programme imposes high salary thresholds and suffers from inconsistent

implementation across member states. **To address these issues, we suggest the following policy recommendations:**

a. EU-wide start-up visa for qualified talents

We call for the introduction of an EU-wide start-up visa for qualified talents from third countries, offering a simpler and faster application process. Additionally, fast-tracking the recognition of foreign qualifications, particularly in STEM fields, is crucial to improving the mobility of skilled workers. We hope to see this in the new Union of Skills visa strategy to be proposed at the end of this year.

b. Creation of Talent Incubators, AI Academies and Establishment of "EU Tech Year

Equally important is the need to strengthen training and talent development across Europe. One potential solution is the creation of talent incubators, designed to provide talent pools specifically for start-ups, particularly in high-demand tech sectors. Promoting coding and AI academies that offer free, or subsidised training programs would further help build a future-ready workforce. Another innovative idea is the introduction of an "EU Tech Year," similar to a voluntary social year, where young talents would receive financial support to either pursue STEM education or gain work experience with start-ups.

c. Introduce a unified Employee Stock Option Plan (ESOP)

Additionally, to help start-ups attract and retain key employees, we advocate for the introduction of a unified ESOP across the EU. A harmonised ESOP framework would ensure that stock options are portable across borders and provide a consistent tax treatment for employees, regardless of location.

d. Promote intra-European talent mobility through the recognition of skills and qualifications

To enhance intra-European talent mobility, the EU should prioritise mutual recognition of skills and qualifications across EU member states, reducing administrative barriers for professionals and learners. Expanding frameworks like the proposed Council Recommendation ‘Europe on the Move’ could harmonize credential validation.

8. Integrating entrepreneurship into education

Entrepreneurship should be more deeply integrated into curricula at all educational levels. Schools are crucial in the early stages of entrepreneurial education, nurturing creativity, problem-solving skills, and a risk-taking mindset from a young age.

As students’ progress, universities can build on this foundation, playing a central role in driving innovation by fostering stronger ties between academia and industry. To achieve this, entrepreneurship education needs to become more practical and applied. While universities are known for high-quality research, their focus is often on theoretical knowledge rather than practical business development. Courses should teach students how to write business plans, secure funding, and pitch to investors, equipping them with the necessary skills to start and scale ventures. Dual university studies or higher VET programmes should be promoted as alternatives to traditional academic career pathways as they offer a more practical and entrepreneurial approach.

To guide the development of entrepreneurial competences, the European EntreComp (Entrepreneurship Competence) framework provides a valuable reference and supports learners, educators, and institutions in embedding entrepreneurial learning across all disciplines and education levels. Applying EntreComp helps make entrepreneurship more inclusive and accessible, fostering an innovation mindset, encouraging experimentation, resilience, and creative problem-solving, which are key drivers of competitiveness.

In addition to integrating entrepreneurship into formal education, start-up centres that provide practical knowledge and skills can complement traditional learning by responding more quickly to the evolving needs of creators, entrepreneurs, and entire markets. These centres offer an agile, hands-on approach to entrepreneurship that bridges the gap between academic theory and real-world business challenges. This is exemplified by the Centre of Creativity Targowa (CCT), operated by the Polish Chamber of Commerce. Through its School of Creativity, CCT provides free lectures, workshops, and training sessions tailored to micro and small businesses, as well as individuals in the creative industries. Since 2019, more than 3,000 participants have benefited from their programmes.

9. Leveraging the potential of university start-up centres

European universities represent an underutilized catalyst for innovation, offering unparalleled potential to drive startup creation and research commercialisation. Closing this gap demands strategic investment in integrated innovation hubs that bridge academia and industry, providing end-to-end support from ideation to market scaling. By embedding robust incubation infrastructure within academic institutions spin-off formation can be accelerated. Creating open technology platforms on campuses, where researchers, students, and external innovators can collaborate on shared infrastructure and access pooled resources, would further amplify this potential.

a. Promote the lowering of university equity stakes in start-ups

Universities should simplify the commercialisation of academic research by reducing bureaucratic barriers and enabling start-ups to negotiate more favourable terms for technology licensing. European universities often demand high equity stakes, sometimes as much as 25%, when start-ups emerge from academic research, discouraging commercialisation. To address this, the EU should incentivise universities to adopt more start-up-friendly policies, akin to those of MIT and Stanford, where equity stakes rarely exceed 10%. Moreover, universities should be encouraged to allocate a portion of their budgets to support spin-offs and the creation of innovative companies. Institutions that meet or exceed this commitment should be eligible for additional funding to reinforce their efforts.

b. Create standardised European terms for university spin-offs

Furthermore, spinout terms should be harmonised to a greater extent across European universities, establishing consistent frameworks for how institutions support and commercialise research through spin-off companies. The intellectual property (IP) transfer process should be streamlined and standardised to prevent it from becoming a bottleneck for spin-offs, ensuring a more efficient transition from research to commercialisation. Additionally, sustained financial support and targeted training initiatives should be introduced to support women in entrepreneurship.

In addition, data on academic spin-offs across Europe should be openly published, which

would help to better measure the impact of technology transfer initiatives and foster an efficient allocation of public and private support.

Restrictive IP regulations at universities make technology transfer more difficult and can hinder start-ups from easily leveraging university-based innovations. Universities often retain the rights to patents or research results, making it expensive and complicated for scientists and students to utilise their own innovations commercially. As a result, a significant share of technologies initially supported by European funding currently benefit non-European universities. Less restrictive IP regulations and standardised European terms for spin-offs could stop the exploitation of university research and create more clarity for founders.

10. Providing support and incentives for capital-intense & deep tech start-ups

Deep tech start-ups, that focus on scientific discovery and advanced engineering, demand tailored support due to their extended development cycles, high capital intensity, and long time-to-market. These ventures are often perceived as high-risk by investors, making it difficult to secure sufficient venture capital. However, evidence shows that deep tech start-ups frequently outperform conventional tech start-ups, offering higher returns on investment with similar failure rates.

While Europe has made progress in early-stage financing for deep tech, significant gaps remain in growth-stage capital. Currently, over 50% of growth capital for deep tech ventures in Europe comes from non-European investors. This capital shortfall is particularly acute in high-potential but resource-intensive sectors such as artificial intelligence. According to the AI Index 2023, the US accounts for more than half of global private investment in AI, with China trailing at roughly a quarter of the US level. In comparison, private investment in AI in Germany is about twenty times lower than in the US. The US maintains its global leadership by consistently supporting its large technology firms and fostering a robust innovation ecosystem.

Developing an EU Deep Tech Strategy
To bridge this strategic gap, the EU must adopt a dedicated Deep Tech Strategy that acknowledges the sector's growing importance for Europe’s economic resilience, technological sovereignty, and security. The strategy should focus on attracting and retaining talent through targeted education, mentoring, and incubation programmes specifically tailored to deep tech.

Furthermore, deep tech start-ups should receive sustained financial and structural support throughout the innovation lifecycle, with particular emphasis on later-stage funding. This could be done by leveraging tools such as “golden shares”, while accelerating their growth through “mission-oriented” policies focused on breakthrough innovations. Such “mission-oriented” policies could focus specifically on radical technologies, in contrast to diffusion-oriented public policies.

To further address the current funding gap, the EU should diversify the investor pool by incentivising pension funds and institutional investors to invest in deep tech. Finally, investing in dedicated facilities and regulatory sandboxes for product validation and prototyping will accelerate time-to-market and consequently foster deep tech innovation.

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses – over 93% of which are SMEs – employ over 120 million people.

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