Council of the European Union

Brussels, 11 July 2025
(OR. en)

11522/25

COMPET 726
MI 530

NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Presentation by DigitalEurope (agenda item 3) at the Working Party on Competitiveness and Growth (Internal Market) on 10 July 2025

Delegations will find attached a presentation by DigitalEurope, with a view to the discussion by the Working Party on Competitiveness and Growth (Internal Market) at its meeting on 10 July 2025.

This document contains a presentation by an external stakeholder and the views expressed therein are solely those of the third party it originates from. This document cannot be regarded as stating an official position of the Council. It does not reflect the views of the Council or of its members.

DIGITALEUROPE

Horizontal Single Market Strategy

Council Working Party on Competitiveness and Growth (Internal Market)

9 July 2025

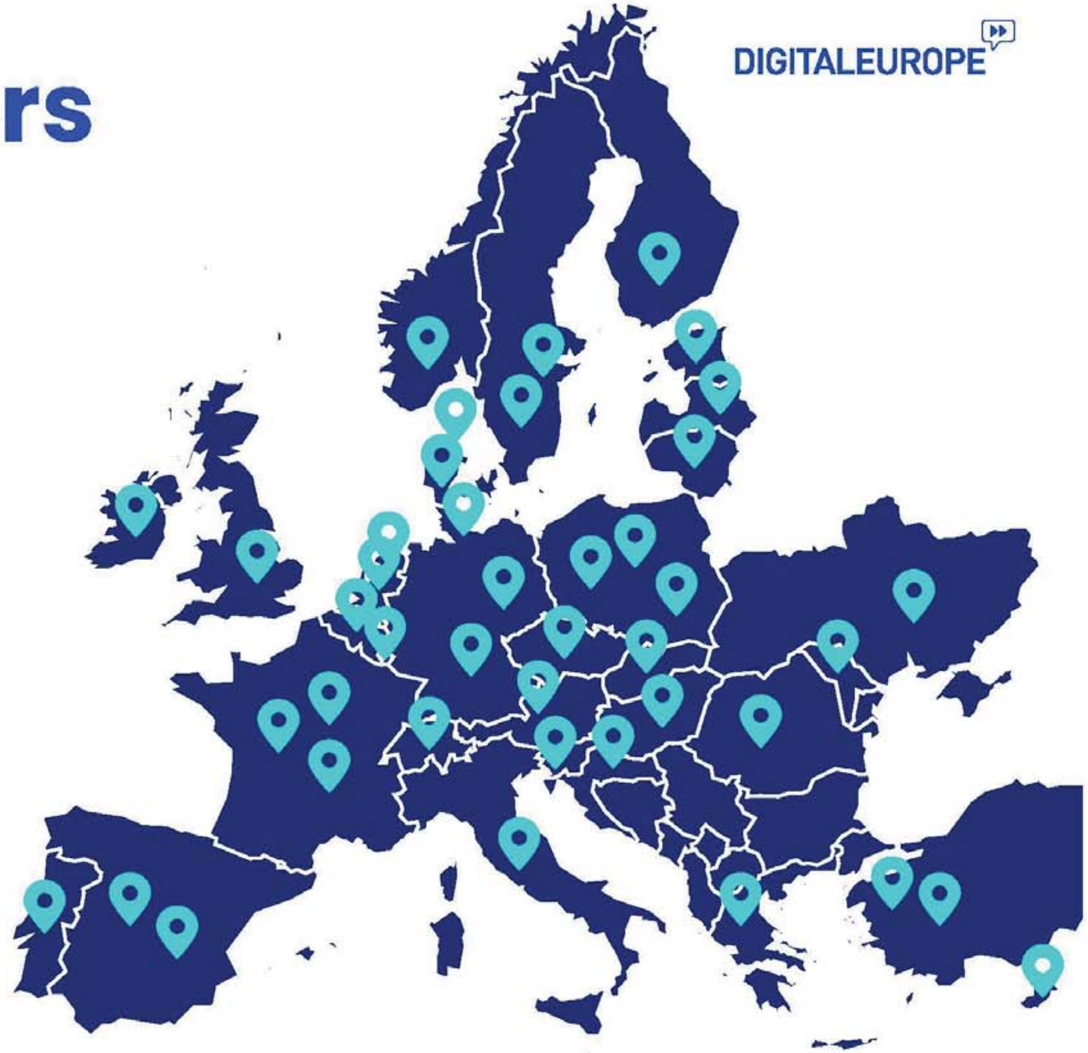
Our Members

DIGITALEUROPE

45,000

Companies represented

Cybersecurity	Resilience & defence
AI	Healthcare
Data economy	Manufacturing
Telecoms	Finance
Semiconductors	Buildings
Cloud technology	Mobility
International trade	



2

DIGITALEUROPE

Scope and ambition

✅ Renewed focus on the Single Market is important — scale and speed are critical for EU competitiveness and tech leadership.

✅ Many initiatives are included that DIGITALEUROPE has been calling for: digitalisation, streamlined procurement, 28th regime, improved connectivity, cross-border services, burden reduction, etc.

❌ Strategy lacks a systemic vision for the Single Market — the "Terrible Ten" are a good start but too narrow. The strategy reflects DG GROW's remit, not a Commission-wide commitment.

❌ Lack of clear implementation timeline and milestones, despite EuCo request.

Recommended Actions:

➡️ Assign clear responsibilities across relevant DGs and Member States to deliver on announcements.

➡️ Link Single Market strategy to broader competitiveness workstreams (energy, digital, capital, telecom, defence).

➡️ Define clear targets and metrics for barrier and burden reduction.

Digital chapter

"SIMPLIFY"

✅ Simplification of overly complex EU rules is rightly prioritised. (e.g., digital omnibus)

✅ Ambitious call for "a paradigm shift … to a data-based Single Market". Actions to reduce administrative burdens for companies.

❌ Actions on digitalisation do not match ambition of "data-based" SM.

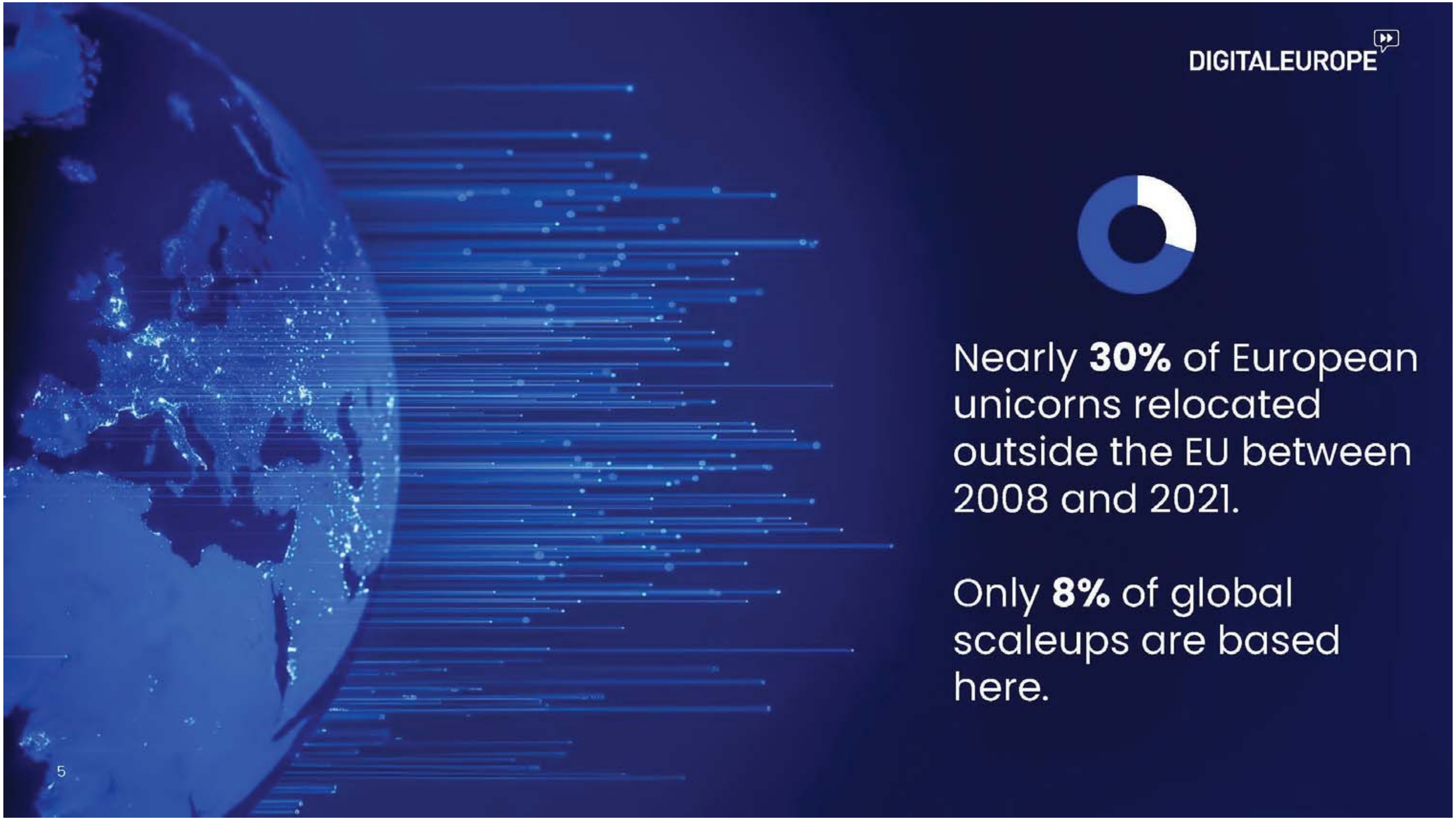
❌ Strategy neglects private sector digitalisation. EU businesses lag in AI, cloud, and digital tech adoption, reducing EU competitiveness (Draghi report; 2025 Digital Decade report).

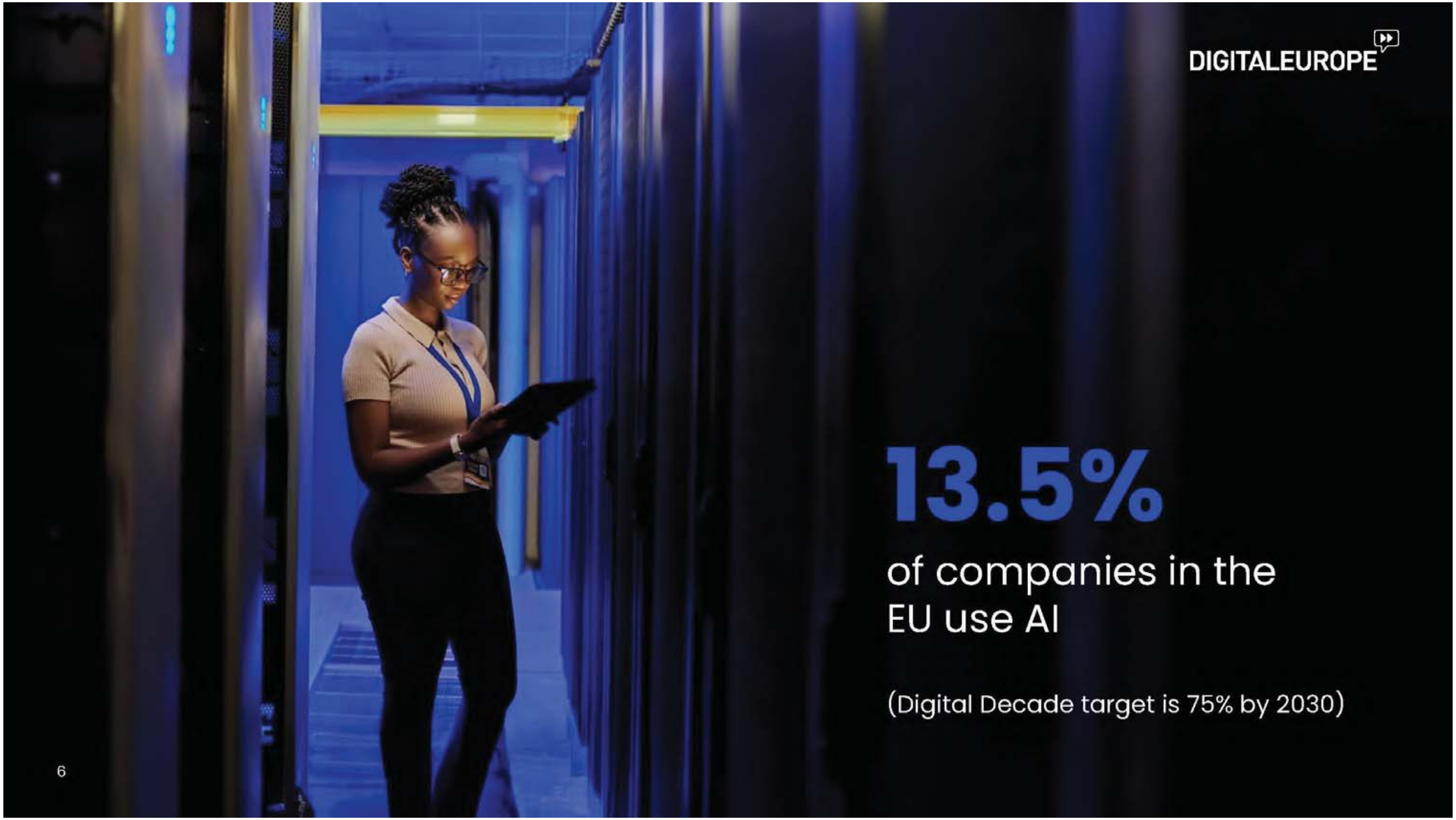
Recommended Actions:

➡️ True shift to data-based Single Market needs to think beyond administrative digitalisation (e.g., how can tools like company ID, DPP, etc. be used in B2B context?)

➡️ Kickstart public and private investment in digital tools and ensure right framework conditions are in place to drive innovation and demand (procurement, tax incentives, skills, etc.)

➡️ Learn from existing best practices to accelerate digitalisation. (e.g., FI has track record on eInvoicing)


DIGITALEUROPE
Nearly **30%** of European unicorns relocated outside the EU between 2008 and 2021.
Only **8%** of global scaleups are based here.
5


DIGITALEUROPE
13.5%
of companies in the
EU use AI
(Digital Decade target is 75% by 2030)
6

Framework conditions

DIGITALEUROPE

"INCENTIVISE"

✅ Labour mobility and cross-border services delivery recognised as key barriers.

✅ SME chapter with targeted actions and small mid-caps to facilitate scaling.

❌ Strategy does not reflect realities of modern cross-border remote work — especially for (tech) startups and scaleups.

❌ Targeted measures for SMEs modest. More concerted action needed to stop most promising startups leaving the EU.

Recommended Actions:

➡️ Tech Talent Pact: Create seamless SM conditions for taxation, social security, etc. for (tech) workers. Member States can do much on their own to simplify cross-border remote work.

➡️ Upcoming digital omnibus is key for burden reduction. Stop the clock and reassess Data Act and AI Act to ensure legal clarity and allow businesses to scale in Europe.

➡️ Improve business/investment conditions by creating demand (coordinated, mission-driven procurement of innovative tech), coordinated tax incentives, de-risking, etc.

7

Ownership & Enforcement

DIGITALEUROPE

✅ Strategy mentions stronger enforcement and EU funding conditionality.

❌ No clear immediate actions on enforcement. Past efforts have failed to solve the very issues now highlighted as the "Terrible Ten". What are we doing differently this time?

Recommended Actions:

➡️ The Commission should take a more assertive role in ensuring consistent application of EU rules across Member States.

➡️ Strengthen governance and enforcement mechanisms with consequences for non-compliance. (SM sherpas, improved TRIS notifications, increased and more transparent monitoring of gold-plating, automated enforcement)

➡️ Tie EU funding access to measurable progress on removing market barriers and facilitating cross-border business opportunities.