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## Europe's competitive moment: cross-sector priorities for competitiveness in the digital decade"

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Dear Minister Caroline Stage Olsen  
Dear Director Thibault Kleiner,  
Ladies and gentlemen,

- It's a pleasure to speak to you today at such a pivotal time for Europe's economy and digital transformation.
- The 2020-2030 decade was meant to be the Digital Decade of Europe. As we step into its second half, we are standing at a pivotal moment for Europe as an attractive and competitive business location. Europe needs its competitive moment.
- This is not just about one sector or one strategy, it's about how we, collectively, respond to a rapidly digitalizing economy, and the geo-political tensions that it is facing. It is about how we strengthen our global position, and deliver growth, innovation, and resilience across all sectors.
- Over the past ten years, the European Union has become the world's most active legislator in the digital domain. From the GDPR to the AI Act, the EU has demonstrated significant ambition in shaping rules for the digital age.
- These last years left us with a critical challenge - how to bring back the confidence to our companies - that Europe is the best place to live, work and invest in. We need the courage to acknowledge some overshoots, and ensure that regulation delivers clarity, coherence and competitiveness—and not complexity or red tape.



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- The recently published *State of the Digital Decade 2025 report* makes one thing abundantly clear: “the EU is still far from reaching its goals for deploying foundational technologies” (NB: the technologies that enable innovation - can be connectivity, big data, generative AI, cloud, virtualisation, etc.). This has been the weakest pillar for almost a decade. BusinessEurope will not grow tired of pointing it out, because this is a wake-up call and we have been hitting snooze on it for way too long!
- Similarly alarming, in 2023 the European Commission Innovation Scoreboard found that over 80% of venture capital investment by EU-based companies targets US-based companies. This negative trend is also clearly visible in vital European industrial sectors. For instance, in 2024 EU automotive firms invested more in US based start-ups than in domestic ones. Such circumstances are a clear call to action as they show that investors are not sufficiently betting on Europe as an investment location.
- We need to do more than legislate—we need to make the digital single market truly work *for businesses*. Because Europe’s global competitiveness hinges on the ability of our companies, large and small, to innovate, scale, and compete within the single market and internationally.
- So how do we move from rulemaking to results? From red tape to readiness?
- **First**, we must cut red tape, move away from micro-managing business activities, instead - simplify and harmonize the digital acquis and beyond. Too often, different interpretations across Member States create uncertainty, especially for SMEs. This is compounded by overlapping definitions, unclear but far-reaching obligations, and governance structures that confuse rather than support.

## Ladies and Gentlemen,

- Let me assure you that you can count on BusinessEurope, that we will not get tired of pointing out overlaps, conflicts and regulatory burden.
- Therefore, it’s also vital that the planned and much needed omnibus on digital regulation should adopt a cross-cutting approach and look into more than just tech regulations. This will help ensure consistency, avoid “silo” rules, and reflect the reality that digital elements now appear across energy, finance, consumer, employment, home affairs, and many other areas.
- The upcoming digital omnibus must address the necessity for more realistic implementation timelines.
- If the NIS2 Directive isn’t fully transposed across the Single Market, businesses should be granted a grace period, because they cannot stop cross-border operations due to public administration delays.



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- Additionally, when required standards that can be used to ensure conformity with EU rules are not yet available, a “stop-the-clock” option should be contemplated. This applies to the Cyber Resilience Act, the AI Act, and even the Data Act which overlaps in scope with the other two. Realistic deadlines would go a long way to ensure clarity and reliability for both providers and users.
- Furthermore, cross-cutting challenges remain. Despite multiple EU laws regulating digital products and services, there’s little focus on strengthening Market Surveillance Authorities to enforce compliance effectively in a fast-evolving digital economy.
  - For example, inconsistent definitions of “product” across EU legislation physical and digital affect market access, liability, and oversight. The Digital Product Passport, while rooted in green policy, could support wider compliance goals, including cybersecurity. However, it must be implemented in a practical, low-burden way.
- Finally, overlapping reporting obligations risk inflating compliance costs and undermining business confidence and investment.
- Moreover, we firmly believe that we must reintroduce *proportionality and Single Market reflex* for cross-border business operations into our digital policymaking. Rules must be risk-based, and flexible enough to support innovation. **Now is not the time for new prescriptive regulations. It is the time for experimentation, testing, and public-private collaboration.** Regulatory sandboxes - accessible to businesses of all sizes - can create the space needed for responsible innovation to thrive.
- We would welcome dedicated sessions in both the Council and Parliament to examine the long-term competitiveness impacts of EU digital policies, especially in comparison with global peers. These steps would help ensure that Europe's regulatory approach not only protects values but also drives innovation, growth, and global leadership.
- **Secondly, I would like to point out that the digital transformation is not immaterial, it relies on a strong industrial infrastructure and capacity which is too often being overlooked.**
- It requires access to affordable energy and the ability to develop physical sites, be it for data centers or for the manufacturing of critical components such as network hardware and advanced semiconductors, etc.
- So how to power a fair and competitive transition? We need to look at energy supply, energy demand, and energy prices. In 2023, power prices for industry were more than double compared to 2019.
- Today we have a situation in Europe where our energy costs remain two to three times higher than those of our major competitors like the US, China and India. And even if we manage to get the optimal policy mix to support industry and business towards the goal of emission net neutrality by 2050, energy prices could still remain at least 50% higher in the EU compared to our major competitors.



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- One thing is clear: our ability to deliver on the green and digital transition depends on our ability to ensure sufficient supply of clean and affordable energy at competitive prices. — And as the European Commission is looking into the Cloud and AI Development Act, let me make one thing absolutely clear: we need a massive increase in the supplies of renewable and low-carbon energy sources if we truly want to advance our computing capacity.
- **Thirdly**, long permitting procedures across the whole value chain undermines the business case for investing in innovative technology across Europe. Last year we conducted a survey among companies across 21 European countries with more than 80% of them telling us that the time it takes to secure permits is a barrier to investing in Europe. Granting times of 5-6 years is not a very convincing pitch to attract investment.
- However, it is investment that is desperately needed for the digital transition to be a genuine success, which is precisely why the next MFF should ensure digital funding delivers real value supporting an agile, excellence-driven tech ecosystem across the EU. As tech becomes more advanced and geopolitical risks grow, cybersecurity and resilience must be top priorities for any investment in digital infrastructure, like 5G and especially 6G networks, artificial intelligence, edge, and quantum computing. Financial resources regardless of whether they are public or private must ensure free and fair competition in the internal market that will help companies have a solid European presence and grow into global players.
- **At the same time, however, let's not forget that** European businesses already play an important part in the global digital space. Europe accounts for more than half of global exports of digitally delivered services, which is why data flows must be enabled not restricted. We need global “data flow with trust”, with adequate protection of personal data, intellectual property rights and trade secrets. The prohibition of forced data localization and the prohibition of mandatory disclosure or transfer of source code and algorithms, together with the appropriate protection of personal data, represent the backbone of any digital agreement or chapter. The pursuit of regulatory convergence must be partnered with efforts to improve interoperability and pave the way for private investments in digital infrastructure to reduce the digital divide.
- **To round up the business perspective on digital competitiveness, ladies and gentlemen, I cannot overstate the importance of how important it is to have a motivated and skilled workforce.** Skills are among the primary factors of a company's competitiveness and their ability to remain productive and innovative. We cannot build a digital continent based on outdated skills. The value of an appropriately skilled workforce is particularly evident in the current context of labour and skills shortages, where the lack of such workers is creating bottlenecks in growth across the EU.
- The *Digital Decade* target is clear: 20 million ICT specialists by 2030. Yet we are far from that goal, and the demographic trends are not in our favour. Europe's working-age population will shrink by around 1 million people annually until 2050. Therefore, it is important to simultaneously work on improving the skills among Europe's existing workforce, improve skills recognition that facilitates workers' mobility, as well as make the EU a more attractive destination for skilled third country nationals.



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- **Despite the somewhat stormy picture I painted in front of you, ladies and gentlemen, in conclusion I would like you to retain the following:**
- **This is not just Europe's digital moment; it must be Europe's *competitive* moment.**
- BusinessEurope, together with our 42 member federations from 36 European countries, defends the collective interests of more than 20 million companies of all sizes.
- So let me be clear: competitiveness is not a soft concept. It is the foundation of prosperity, resilience, and it will define what kind of role we play in the world. More than ever, Europe can only be as strong as its economy.
- Europe must not only be a rule-maker—it must be a market-maker, an innovation leader, and a magnet for investment and talent. It should be in the internal market where businesses scale, where ideas become products or services, and where Europe gains its global edge.
- Bottlenecks—be they legal, technical, or infrastructural—must be identified and removed.
- So, to our regulators, I say: before any regulatory step - engage early, listen actively, trust the partnership with businesses.
- To our members: speak up and engage early, scale up, and lead boldly.
- And to all of us - let's seize this competitive moment with ambition, clarity, and unity of purpose.

Thank you.

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