

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

This document aims to inform the public and stakeholders on the Commission's future legislative work so they can provide feedback on the Commission's understanding of the problem and possible solutions, and give us any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	European Innovation Act
LEAD DG (RESPONSIBLE UNIT)	RTD.A5 – Innovation Policy and Access to Finance
LIKELY TYPE OF INITIATIVE	Legislative – Proposal for a Regulation of the European Parliament and of the Council
INDICATIVE TIMETABLE	Q1 2026
ADDITIONAL INFORMATION	-

A. Political context, problem definition and subsidiarity check

Political context

President von der Leyen's [2024-2029 Commission Political Guidelines](#) set priorities to put research and innovation at the heart of our economy, simplify the regulatory framework and remove red tape for innovative companies, and ensure that European startups can access the capital they need for their scaling up in Europe rather than having to relocate abroad.

The [mission letter](#) to the Commissioner for startups, research, and innovation requested the development of a **European Innovation Act** to streamline our regulatory framework, facilitate access to venture capital for European innovative startups and scaleups, supporting them in testing, such as with 'sandboxes', and placing new solutions and technologies in the market.

The [Competitiveness Compass for the EU](#) identified the European Innovation Act as one of the key initiatives for closing the innovation gap between the EU and its global competitors – one of the three transformational imperatives to strengthen Europe's competitiveness. It stated that the European Innovation Act will also promote the access of innovative companies to European research and technology infrastructures and intellectual assets generated by publicly funded R&I.

This initiative is complementary to, and is closely linked with, other new recently adopted EU initiatives, including [the EU Startup and Scaleup Strategy](#), [the Single Market Strategy](#), [the Union of Skills](#), and [the Communication on the European Savings and Investments Union](#), as well as the upcoming initiatives: the European Research Area Act, the 28th regime for companies, the revision of the EU public procurement directives and the EU standardisation regulation.

The European Innovation Act also builds on previous initiatives aimed at strengthening the innovation landscape in Europe, namely the [2022 New European Innovation Agenda](#). It also responds to the 2024 European Council Conclusions to anchor innovation procurement in research and innovation policies. Finally, the European Innovation Act also responds to the sustained calls of the leaders of the European Union e.g. [the 2024 Budapest Declaration on the New Competitiveness Deal](#) to unlock the potential of the EU Single Market.

Problem the initiative aims to tackle

The European Innovation Act aims to address the key challenges faced by all innovative companies in the EU, both large ones and smaller ones. It will also include some specific measures for the smaller companies, startups and scaleups, as they face a number of additional hurdles that make it more difficult for them to access the market and grow.

The problems that may be addressed by the European Innovation Act include:

- **Regulatory fragmentation:** Having 27 different regulatory regimes in the EU creates a complex regulatory environment for operating and investing across borders within the EU Single Market.
- **The need for more innovation-friendly regulatory frameworks:** Regulation has the potential to drive

innovation when it is well-designed. However, policymakers may not always sufficiently assess the potential impact of upcoming legislation on innovation, which can lead to unnecessary regulatory burden.

- **Insufficient opportunities to test innovative solutions:** While testbeds and living labs are already widely used in Europe to test innovative solutions as a part of wider research and development activities, regulatory sandboxes are less widespread at EU and Member State level. Cooperation between competent regulatory authorities and innovators with a view to benefiting from mutual learning about the potential regulatory impact of innovative technologies has not yet reached its full potential.
- **Limited access to finance:** It is difficult for startups and scaleups in the EU to use their intellectual property rights (IPRs) as collateral to secure financing from financial investors. Access to national and EU funds also remains limited as not enough of public funding has been allocated to support the commercialisation of innovations and the scaling up of innovative startups. In addition, the still prevalent grant-based or debt-focused public financing models are inadequate for meeting the growth financing needs of innovative companies.
- **Insufficient commercial exploitation:** There is untapped potential to commercialise knowledge / IPR that is created in publicly funded research and innovation. This untapped potential is caused by barriers and fragmentation regarding IPR policies, standardisation, certification and obtaining permits for innovative solutions across EU Member States. These barriers and fragmentations hamper the commercialisation of academic research results and industry-academia-public sector collaboration in the broader sense.
- **Limited access to research and technology infrastructures:** Although this is often crucial for developing and testing innovative solutions, smaller innovative companies often do not have the resources to build such facilities or purchase expensive equipment themselves. It is often administratively cumbersome to obtain such access or restrictions are put in place by the infrastructure owners, limiting the access of private companies.
- **Underutilised innovation procurement:** Public and private innovation procurement offers an opportunity for innovative companies to obtain their first major orders and grow their business. However, innovation procurement is underutilised in the EU and innovative companies face obstacles in bringing their innovations to the private and public procurement market across the EU.
- **Attracting and retaining talent:** A complex landscape of different norms, regulations and tax rules across EU Member States might hinder employee ownership schemes such as stock options from being more commonly used, even though they can be an important incentive for innovative companies to attract and retain the talent they need.
- **Lack of coordination of innovation policies:** Innovation policies remain largely uncoordinated among Member States and within the EU as there is currently no formal mechanism to effectively coordinate national and EU innovation policies.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

Depending on how the general and the specific objectives of a potential European Innovation Act are set, several legal bases may be considered. These include (i) **Article 114 TFEU** on the adoption of measures to ensure the establishment and functioning of the internal market, (ii) **Article 173(3) TFEU** in support of actions taken in the Member States to secure the conditions necessary for the competitiveness and innovation capacity of the Union and ensure the adjustment of industry to structural changes due to fast innovation cycles, as well as (iii) **Article 182(5) TFEU** on the adoption of measures necessary for implementing the European research area.

Other legal bases may be considered, depending on the final scope of this initiative.

Practical need for EU action

The European Innovation Act aims to address issues faced by different actors in the innovation ecosystem, related to, amongst other things, access to finance, to talent or to infrastructures and markets. The European Innovation Act will also tackle the barriers and weaknesses that are holding Europe back in terms of restoring industrial competitiveness and unleashing growth. Many of these issues stem directly or indirectly from the fragmentation of the EU Single Market, including the fragmentation related to the movement of capital, workers, as well as goods and services. In addition, some of the issues faced by innovative companies relate to excessive red tape created by regulations at both, EU and Member State level. Other issues stem from barriers that reduce the potential to commercialise academic research and innovative solutions resulting from industry-academia-public sector collaboration. Therefore, the measures that may be part of the European Innovation Act would only unlock the full potential of the EU Single Market to allow innovative companies to grow if proposed at EU level. Similarly, establishing effective coordination mechanisms between the EU and its Member States would only be achieved by action at EU level.

B. Objectives and policy options

The objective of the European Innovation Act is to promote and accelerate the deployment and diffusion of

innovation and to create an innovation-friendly level playing field for innovative companies, including SMEs, startups and scaleups, to grow within the EU Single Market.

To achieve these objectives, the following areas of intervention are being considered:

- **Simplifying and making the existing regulatory framework more innovation friendly** to reduce the administrative and regulatory burden faced by innovative companies.
- **Facilitating access to finance** by unlocking the potential of using intellectual property rights as collateral in securing financing for innovative companies, thus complementing additional access to finance measures under the Savings and Investment Union.
- **Supporting access of innovative companies to EU and national funds.**
- **Supporting innovative companies in developing and testing their innovations** both in state-of-the-art research and technological infrastructures, thus complementing measures in the European Research Area Act, and in market conditions, for example through regulatory sandboxes, are important steps towards safely placing innovative products on the market.
- **Facilitating the deployment and diffusion of innovations in the market**, including by making public and private procurement more innovation-friendly, thus complementing measures planned under the revision of the EU public procurement directives.
- **Enabling innovative companies to better attract and retain talent**, including through attractive employee ownership schemes, thus complementing the 28th regime for companies and the Union of Skills.
- **Improving the commercialisation of** publicly funded academic R&I results by enhancing the exploitation of intellectual property rights, standardisation and certification, thus complementing measures in the European Research Areas Act and the Single Market Strategy.
- **Establishing a framework facilitating coordination of innovation policies** among the Member States, as well as between the Member States and the EU.

The European Innovation Act should create a set of horizontal framework conditions that are conducive to bringing innovations to the market in all sectors instead of introducing sector specific innovation initiatives.

In the context of the impact assessment, the Commission will consider a range of possible policy measures, for achieving the objectives listed above.

Non-legislative measures could take the form of various support mechanisms such as assistance, guidance documents and recommendations to the Member States. Legally binding measures will also be considered. They could include, for example, establishing a common EU level definition of startups, scaleups and innovative companies to make it easier to tailor regulatory measures to these types of companies. Furthermore, such measures could also include establishing basic legal principles under EU law related to the commercialisation of intellectual assets resulting from publicly funded R&I, establishing basic common legal principles related to regulatory sandboxes, introducing legal provisions that remove barriers which hinder access of innovative companies to public and private procurement, and other measures.

The impact assessment will assess the expected costs and positive effects of measures against the baseline of continuing the status quo (current situation). Policy measures will be bundled into policy options. The policy measures and options will be further refined, and additional measures may be established in the course of the impact assessment and on the basis of evidence, including from stakeholder consultations. Depending on the measures in the preferred option resulting from the impact assessment, action at EU level could take the form of legislative and non-legislative measures.

C. Likely impacts

The initiative is likely to improve the conditions in which innovative companies operate in Europe, thus ensuring their faster economic growth within the Single Market while also creating jobs for European citizens. By stimulating the establishment and growth of innovative companies in Europe, the initiative is expected to help improve the European business and industrial ecosystem as a whole. Innovation is crucial to tackling existing societal challenges, and innovative solutions are key enablers of the green and digital transition of the European economy. By stimulating innovation, the initiative will help close the innovation gap between Europe and its global competitors and increase Europe's competitiveness. By facilitating the uptake of innovative solutions across the Single Market and by enhancing coordination between the Member States and the European Union on innovation policy the initiative will have a positive impact on the diffusion of innovative products and solutions in the EU. In addition, by boosting opportunities to scale up innovative companies in the EU, preventing them from relocating to other parts of the world, the EU's technological and industrial base will be strengthened. This contributes to the EU's technological sovereignty and strategic autonomy, and thereby also the EU's social and economic prosperity.

D. Better regulation instruments

Impact assessment

An impact assessment will be conducted to support the preparation of this initiative and to inform the Commission's

proposal. The impact assessment will be conducted in the second half of 2025.
Consultation strategy
The Commission will consult as widely as possible to gather key input and ensure that the views of the general public interest of the EU are reflected in the design of the initiative. Targeted stakeholder consultations and a public consultation are planned for this initiative. The public consultation, alongside this Call for Evidence gives stakeholders an opportunity to share their views and submit relevant evidence. The consultation will last 12 weeks and is available on the “Have your say” portal in all EU official languages. As part of the impact assessment, targeted consultations will address (i) Member State and regional authorities, (ii) representatives of industry, (iii) representatives of innovative SMEs, (iv) representatives of the startup community, (v) representatives from higher education and research, including university incubators and business accelerators, and (vi) representatives of the financial sector and of the regulatory, standardisation, certification and procurement sectors. The targeted consultations will be used to collect views and evidence on the expected impact of possible measures. The impact assessment will also draw on the outcomes of stakeholder consultation activities conducted by the Commission in the context of the EU Startup and Scaleup Strategy. The consultation will be promoted on the DG RTD website, the factual summary report of the public consultation will be published on the consultation page eight weeks after the closure of the public consultation, and a synopsis report providing a summary of all consultation activities will be prepared with the impact assessment report.
Why we are consulting?
The consultation in the context of the Call for Evidence will give stakeholders a chance to share their views, in particular on possible measures and how the initiative can help facilitate the establishment and growth of innovative companies in the European Union and enhance the diffusion of innovation across the EU Single Market.
Target audience
The consultation addresses individuals and companies, industry representatives, representatives of SMEs, representatives of the startup community, members of academia and research institutions, representatives of the financial sector, public bodies, including public buyers, representatives of research and technology infrastructure, and other stakeholders.