

NEWS – ECIPE PRESS RELEASE – NEW POLICY BRIEF

Breaking Barriers, Boosting Growth: Unlocking the Power of Digital Technology for Europe's Competitiveness

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Brussels, 9 September 2025 - Vice-President of the European Commission, Henna Virkkunen, is leading the Digital Simplification Omnibus – a key initiative to streamline and rationalise the EU's digital regulatory framework. If successful, it stands out as one of the most significant efforts the EU has launched in recent years.

The EU desperately needs to simplify its digital regulation. The continent lacks homegrown tech champions on the scale of those in the United States or China, and digital technologies are not being fully embedded across the economy.

At the core of this shortfall lies the EU's complex regulatory environment. EU firms navigate an intricate web of rules shaped by national and EU-level regulations. Digital-specific obligations impose heavy compliance costs while market access restrictions limit cross-border business growth. Inconsistent regulations across member states fragment the EU's Single Market, raising barriers to economic development and draining returns on digital investments. The result is a constrained business ecosystem, where too few firms scale up and many are deterred from investing in new digital technologies.

New empirical analysis in this [Policy Brief](#) shows two critical findings: 1. Digital technology adoption boosts competitiveness but achieving higher levels of adoption requires policymakers to address regulatory restrictions; and 2. Services trade restrictions are a direct barrier not only to competitiveness, but also to the

diffusion of technology. ***"Ultimately, restrictive regulation not only holds back firm expansion, but also depresses digital adoption and, with it, competitiveness"*** says Oscar Guinea, co-author of the latest ECIPE Policy Brief.

The evidence presented in this Policy Brief is a wake-up call for EU policymakers working on the Digital Simplification Omnibus. To date, EU policy has focused heavily on regulating digital markets, while giving too little attention to enabling the diffusion of existing technologies across the wider economy. Without structural reforms to reduce regulatory barriers – both within the EU and externally – and to support the uptake and diffusion of digital tools, Europe's digital transformation will remain incomplete and the EU economy will fall further behind in the global race for technological leadership and competitiveness.

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