



Call for Simplified European Law for the Digital Economy

The European Union's excessive and complex regulations in the digital space impede its growth and disproportionately burden small and medium-sized European enterprises. In his report on EU competitiveness, Mario Draghi clearly states that *“regulatory barriers to scaling up are particularly onerous in the tech sector, especially for young companies [...] The net effect of this burden of regulation is that only larger companies – which are often non-EU based – have the financial capacity and incentive to bear the costs of complying. Young innovative tech companies may choose not to operate in the EU at all”*.

A year has passed since the publication of the report but little progress has been made in simplifying digital rulebooks. As a network of small and medium size European business we urge the European Commission to set ambitious goals for the upcoming digital Omnibus, as streamlining the legal environment is crucial for EU competitiveness, leading to more jobs, higher incomes, and increased prosperity.

Genuine simplification requires a fundamental shift in regulatory approach, embracing innovation and stopping disproportionately focusing on risks only. Beyond meaningfully addressing existing rules, careful consideration is also needed for new EU legislation like Digital Fairness Act (DFA) and the Digital Networks Act (DNA). Simplification efforts will be futile if new legislation continues to introduce additional restrictions and burdens on digital services. We should learn from past mistakes, focus on enforcing current comprehensive digital regulations, and avoid adopting new provisions that add to the pile in an already crowded regulatory space.

The digital Omnibus presents an opportunity for substantial changes. It should, at a minimum, address:

- **Artificial Intelligence Act and secondary legislation:** Legal provisions for AI must foster, not hinder, innovation and technological development. Wide data accessibility is crucial for AI development in Europe. Existing and future codes of conduct should not impose obligations beyond those provided for in the AI Act. The AI legal framework should set requirements that are proportionate to actual (not hypothetical) risks, be flexible enough to remain relevant with rapid technological advancements and allow for streamlined AI adoption.
- **Privacy and security:** Maintaining robust protection for personal data and user privacy is essential, while adapting the legal framework to technological advancements and evolving user preferences. Documentation, reporting, and incident reporting obligations, currently fragmented across various legal acts concerning personal data protection, privacy, and cybersecurity, should be standardized.
- **Content and consumer regulations:** The European Union already has a vast and complex set of legal regulations for digital content, services, and consumer protection. While a high level of consumer protection must be maintained, there is no need for new requirements in this area. Work on new legislation in this field should be suspended. Instead, the focus should be on enforcing existing regulations while simplifying and unifying the numerous overlapping requirements.

As organisations cooperating in CEE Digital Coalition, a gathering of digital and advanced technologies industry organisations from Central-Eastern European Member States, bringing the region together on its digital path and working together to boost the digital transformation of the region's economy and informational society, we urge the European Commission to set ambitious goals for simplifying EU digital regulations to boost competitiveness and prosperity, and we stand ready to support this agenda.

Association for Applied Research in IT (AAVIT)

Bulgarian Association of Information Technologies (BAIT)

Digital Poland Association

INFOBALT – DigiTech Sector Association

Estonian Association of Information Technology and Telecommunications (ITL)

ICT association of Hungary (IVSZ)

The Confederation of Industry of the Czech Republic (SPCR)