

Interview with Single Market Committee Chair

Tomas Prouza

With the current legislative period coming to a close, we want to reflect on digital topics and discuss business priorities in the field of digitalisation with Single Market Committee Chair Tomas Prouza.

1) Enrico Letta has recently released the high-level report on the future of the single market. What are your thoughts on the digital aspects of this report?

Mr. Letta calls in his report for innovation, research and education to be considered as the “fifth freedom” of the single market. This emphasis on innovation is welcomed and vital for securing Europe’s future relevance within the digital landscape. To ensure that Europe remains competitive, it is crucial to grant businesses greater freedom to innovate and expand. The report’s focus on supporting European businesses to compete globally, alongside advocating for streamlined regulation and consistent enforcement is not only encouraging but also necessary.

The strong push for digital advancement, characterised by less bureaucracy and coordinated funding also sends a clear message: Europe must elevate its technological capabilities before it’s too late.

But despite the strides made in recent years with the introduction of substantial legislation with an impact on the digital sphere, this alone is insufficient to foster the level of innovation necessary to meet Europe’s goal. Thus, the shift towards better implementation in the upcoming years, as Mr. Letta suggested, will be appreciated. Many innovative companies find it easier to innovate and scale up outside Europe because of the heavy regulatory burden. Therefore, if we really want to see innovative Europe, we need to move away from relentless law-making towards effective implementation and enforcement as quickly as possible. The next Commission will either make or break our digital future.

2) In your opinion, what key elements do businesses require to effectively foster digitalisation?

While businesses face numerous challenges when it comes to digitalisation, the above-mentioned bureaucracy and financial constraints stand out as particularly critical. Although the EU offers different funding sources to support digitalisation initiatives for companies, accessibility issues often hinder their effective utilisation. Funding mechanisms should be tailored to facilitate SME participation and made more accessible, including through effective advice to SMEs on using these funds. Moreover, stringent reporting requirements and other

red tape barriers pose significant hurdles and must be streamlined. It is daunting when our public support requires more paperwork and more reporting than private funding.

Important European funding programmes such as Horizon Europe and Digital Europe, offer support to bringing digital technology to businesses and strengthen science, research and innovation. However, business support organisations such as chambers of commerce and industry (CCIs) face significant challenges accessing them due to the relatively smaller co-funding rates of these programmes when compared to e.g. the Single Market Programme. I believe that European programmes across the board must increase the co-funding ceiling in order to bridge the gap and ensure better access to digital innovations in the EU.

3) What are your general expectations for the next EU legislative term in the digital sphere?

We have made significant progress in Europe's digital transition during the last legislative period. However, there is still much work to be done to accelerate the digital transformation of SMEs and secure global digital leadership. It is imperative to establish an enabling environment that fosters SME growth in the digital sphere and enables them to seize digital opportunities effectively.

In the upcoming legislative term, a primary focus should be placed on addressing overregulation and reducing bureaucratic hurdles that hinder SMEs' digital endeavours. We also need to admit that digital talent is global and that we compete for the same great minds like companies in other parts of the world. Additionally, the establishment of regulatory sandboxes is essential to facilitate the testing, launch, and scaling of innovative products and services across the single market. Furthermore, we advocate for eliminating barriers within the single market, prioritising fair competition, and maximising the impact of financial resources allocated for the digital transition.

Tomas Prouza

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