

ALIGNING PRIORITIES: ADVANCING REAL DIGITAL SIMPLIFICATION IN THE EU

1. WHY THIS MATTERS NOW

Digital simplification is no longer a niche issue for the technology sector. The EU digital acquis now shapes investment decisions across many industries, such as manufacturing, healthcare, finance, mobility and public services. The problem is not that EU has pursued legitimate goals such as privacy, safety and fairness; it is that rules have accumulated in layers, while implementation remains fragmented across authorities and Member States. The result is a **regulatory framework that often raises costs, legal uncertainty and time-to-market without always improving outcomes proportionately**.

2. THE SIMPLIFICATION MANDATE BY THE EUROPEAN COUNCIL

The European Council conclusions of 19 March 2026 materially strengthen the simplification agenda. Under the new **"One Europe, One Market" approach**, the Council calls for a simpler Single Market with harmonised EU-wide rules, fewer barriers to scale-up, and concrete measures such as the 28th regime and the European Business Wallet. Even more relevant for the digital debate, the conclusions explicitly call for an ambitious AI omnibus by July 2026, an in-depth review of the acquis to eliminate overlaps and regulatory redundancies, potentially including the withdrawal of legislative proposals, as well as a stronger application of "simplicity-by-design" and better regulation principles supported by robust impact assessments. This policy direction is already beginning to translate into concrete legislative action through the Digital Omnibus on AI initiative, which is approaching completion and is expected to be formally adopted by Member State ministers on 29 June 2026, thereby finalising the legislative procedure and giving practical effect to elements of the broader EU simplification agenda.

The message is important for two reasons. First, **simplification is a competitiveness condition for the Single Market as a whole**. Second, the Council directly addresses some of the **mechanisms through which complexity is produced**: excessive reliance on delegated and implementing acts, burden-increasing amendments during the legislative process, and national gold-plating during transposition and implementation. The debate is therefore moving from diagnosis to governance.

3. BERLIN AND ROME CAN HELP GIVE POLITICAL TRACTION TO THE SIMPLIFICATION AGENDA

The bilateral summit in January 2026, the Action Plan Memorandum and the competitiveness non-paper all point in the same direction: **Europe needs a new regulatory mindset** based on self-restraint, regular clean-up of obsolete initiatives and closer attention to the cumulative burden

created during the legislative process. **That logic is especially relevant in the digital field, where new horizontal rules interact with product and sectoral regulation, as well as with national enforcement practices.** The Council has therefore established the broader political mandate, while Germany and Italy are well positioned to help translate it into concrete action and provide additional momentum for a digital simplification agenda of sufficient ambition. In the digital policy sphere specifically, both countries identified cookies, data protection, and AI development as areas requiring further attention to ensure that the original objectives of simplification are preserved. Germany has also emphasised that any dilution of this ambition would impose disproportionate costs on start-ups, SMEs, and the scientific community.

4. SIMPLIFICATION SHOULD COVER THE WHOLE INNOVATION CYCLE

Recent EU efforts emphasise SMEs and small mid-caps, but an agenda that concentrates relief only at the smaller end risks missing the real structure of innovation ecosystems. Frontier technologies are developed, financed, tested, integrated and scaled through relationships among start-ups, scale-ups, large firms, infrastructure providers and downstream deployers. **If the framework remains burdensome for larger or more complex actors, the whole innovation cycle slows down.** A credible simplification agenda should therefore avoid a false trade-off between SMEs and larger firms. The objective should be to remove duplicative obligations, clarify responsibilities, improve legal certainty and make compliance more reusable across regimes. This is how Europe can effectively support growth, diffusion of technologies and productivity at the same time.

5. ON DATA & GDPR, EU SHOULD MOVE TO A PRO-INNOVATION BALANCE

Omnibus IV is a useful step because it softens some cliff-edge effects and extends selected simplifications to small mid-caps. But **a future-proof GDPR needs a broader change in regulatory posture.** What is still missing is an explicit recognition that supervisory authorities should also weigh the social and economic value of innovation when exercising discretion. This is not a case for lowering protections. It is a case for **better calibration**: more consistent interpretation across Member States, more emphasis on genuinely high-risk processing, greater re-use of existing documentation and assessments, and less procedural duplication where firms already demonstrate robust safeguards. A **"right to innovation"** should be understood in this sense - not as an override of rights, but as a principle of balance within enforcement and interpretation.

6. BEYOND STOP-THE-CLOCK

The current **AI Omnibus** represents a useful step towards regulatory simplification but remains relatively cautious in scope. In particular, it falls short of fully exploiting opportunities to reduce administrative burdens in several key areas. Notably, negotiations between the European Parliament and the Cypriot EU Council Presidency resulted in the rejection of a number of simplification measures initially proposed by the European Commission. Notably, deferring the application of rules for high-risk systems until standards and support tools are available is sensible,

and extending some relief to SMCs is welcome. But the more strategic issue lies elsewhere: **the treatment of general-purpose AI models under Chapter V and the interface between the AI Act and applicable product and sectoral legislation.**

If Europe wants an AI framework that remains workable over time, it cannot rely on technical assumptions that risk becoming outdated quickly. The next phase of simplification should therefore focus on **three priorities**: first, ensure that **obligations for GPAI remain technology-neutral and do not freeze rapidly evolving technical categories**; second, **clarify the relationship between the AI Act and product legislation** so that firms are not forced into duplicative compliance tracks; and third, strengthen **coordinated sandboxes and implementation guidance** so that the real burden of uncertainty is reduced, not merely postponed.

7. THE DIGITAL FAIRNESS ACT SHOULD FILL GAPS, NOT ADD ANOTHER LAYER

The European Commission's Digital Omnibus is a start, but it represents the bare minimum. It is critical that the European Parliament and Council support this process. If the co-legislators seek changes, they must be even more ambitious in reducing burdens. Against this backdrop, the forthcoming Digital Fairness Act (DFA) can be justified only if it remains tightly targeted. The Commission has framed the initiative around consumer protection in the digital environment, with particular attention to harmful online practices, minors, subscription traps, dark patterns, influencer marketing and fraud. Those concerns are real, but the DFA will ultimately be judged by its design and scope. **It should not become a parallel compliance layer on top of the DSA and existing consumer-law instruments.** Its value would lie in clarifying genuine gaps, simplifying the rules businesses must navigate, and aligning enforcement around a limited number of high-priority harms.

This approach would also be consistent with the European Council's emphasis on making full use of the instruments already available under the DSA and on strengthening the protection of minors in the digital sphere. In short, the guiding principle should be straightforward: **targeted intervention where the current framework is insufficient, and regulatory restraint where existing tools already provide an adequate basis for action.**

8. THE DIGITAL FITNESS CHECK SHOULD BECOME THE SYSTEM'S CLEAN-UP TOOL

The Digital Fitness Check (now planned to be presented in the first quarter of 2027), can play an important role if it is used to identify cumulative burdens across the digital acquis. Its real value would be to surface where obligations overlap, where enforcement bodies pull in different directions, and where firms must produce similar evidence multiple times under adjacent legal regimes. In that sense, **it should support a practical clean-up agenda, not just another round of diagnosis.**

From this point of view, **the Digital Fitness Check can be seen as complementary to the Council's call for an in-depth regulatory review.** Together, they can help **build a pipeline of targeted changes**: removing obsolete provisions, consolidating parallel obligations, and creating a more uniform interpretation of rules that already exist. Simplification becomes credible when it changes how the system works, not when it merely re-labels the problem. The Fitness Check could provide

an important opportunity to better align Europe's digital policy with competitiveness, innovation, and the effective functioning of the Digital Single Market.