



**SWEDISH INCUBATORS
& SCIENCE PARKS**

Unleashing Europe's Growth Engines – Making GBER Fit for Startups and Scaleups

Proposition Paper

**Consultation on GBER – General Block Exemption
Rules**

Stockholm, Sweden – October 3, 2025

Submitted by:

Swedish Incubators & Science Parks (SISP)



Table of Content

Startup, Scaleup and Regional Development Perspective	3
Phase 1 – Early-stage startups	3
1. Modernise the Startup Definition (Article 22)	3
2. Revise the UID Definition	4
3. Simplify the SME Definition (Annex I)	4
4. Introduce Private Equity and Venture Capital Ownership as a “Market Test”	4
Phase 2 – Growing startups	5
4. Allow More Financing Instruments	5
5. Support Talent and Skills	5
6. Enable Regulatory Sandboxes	5
7. Facilitate Export and Internationalisation	6
Phase 3 – Scaleups	6
8. Create a Distinct Category for Scaleups	6
9. Address the Scale-up Capital Gap	6
10. Aid (Article 25)	7
Regional and systemic enablers - ecosystem	7
10. Strengthen Support for Regional Innovation Actors (Article 27)	7
5. Allow Start-up Aid via Intermediaries (Articles 5.2, 22, 28)	7
11. Simplify Collaborative Projects (Article 20–20a)	7
12. Adapt Incentive Effect Rules (Article 6)	7
13. Strengthen Research and Test Infrastructure (Article 26 & 26a)	8
14. Improve Data and Transparency	8
Conclusion	8

Startup, Scaleup and Regional Development

Perspective

We welcome the opportunity to contribute to the review of the General Block Exemption Regulation (GBER). From the perspective of the Swedish startup and scaleup ecosystem – as well as municipalities and regions that work daily to strengthen local business ecosystems – we wish to highlight that current rules often exclude exactly those companies and innovation actors that Europe most depends on for future competitiveness and technological sovereignty.

Europe's startups and scaleups are the engines of future growth, jobs and technological sovereignty. Yet today, EU state aid rules designed for traditional SMEs often exclude these very companies. The General Block Exemption Regulation (GBER) must be modernised to reflect the reality of high-growth firms – where losses are part of innovation, where venture capital signals strength, and where scaling globally is the true test of competitiveness. With the right reforms, GBER can shift from being a barrier to becoming Europe's most powerful enabler of innovation-driven growth.

Recommendations in the Startup and Scaleup Journey.

Phase 1 – Early-stage startups

1. Modernise the Startup Definition (Article 22)

The current startup definition is too narrow in both time horizon and funding scope. This excludes many young firms, especially in deeptech such as healthtech, biotech, clean energy and quantum, where development cycles are long and capital-intensive. Many high potential startups need longer than five years to reach maturity. The €1 million ceiling also fails to meet actual capital needs.

- Extend baseline eligibility from 5 to 10 years.
- Allow multiple rounds of financing and broader innovation types beyond R&D-heavy sectors.
Allow minor acquisitions (<10% of turnover) without loss of eligibility.
Deeptech-specific adjustment: extend maximum aid duration to 15 years and maximum aid amount to €2 million.

This would better match real development cycles and capital intensity, and allow member states to support their promising startups to reach the scaleup-phase.

2. Revise the UID Definition

The current UID criteria (Art. 2.18 a–b) equate accumulated losses with insolvency. Accumulated losses are treated as insolvency, even though this is a normal part of startup growth. Authorities must also conduct heavy group-level checks, consuming vast administrative resources.

Do not automatically exclude firms with accumulated losses.

- Accept Private Investors such as angels, VC/growth ownership, financial runway, and growth indicators (customers, IP, market share) as proof of viability.
- Exempt RDI-aid (Articles 25–30) from the capital-loss test.
- Extend SME exemption from three years to ten.

This would remove the most significant barrier for early-stage startups.

3. Simplify the SME Definition (Annex I)

Current SME definition requires inclusion of “partner companies” (25–50% ownership) and indirect holdings, making it complex and burdensome for both applicants and support agencies.

- Simplify by only counting linked companies (majority ownership).

This would ease administration and reflect actual control.

4. Introduce Private Equity and Venture Capital Ownership as a “Market Test”

VC ownership is the strongest available proxy for market validation. Excluding VC-backed startups undermines the single market’s competitiveness.

Explicitly recognise venture capital and growth ownership as an eligibility criterion in GBER.

Phase 2 – Growing startups

5. Allow More Financing Instruments

GBER privileges grants and loans, while startups rely on blended finance. Current rules are misaligned with financing reality. Startups rarely scale on grants alone. They need guarantees, mezzanine, hybrid loans and equity-matching.

- Open GBER to blended finance and risk-sharing instruments that mirror actual startup financing models.

This would also encourage more co-investment with private funds and de-risk scaleup growth.

6. Support Talent and Skills

Growth is impossible without the right people. Europe risks losing ground if it cannot attract and retain global talent.

- Allow GBER support for international relocation and soft-landing programmes.
- Allow GBER support for hiring graduates and post docs in startups.
- Support training/reskilling for scaleup employees.
- Align with EU reforms on stock options and mobility.

7. Enable Regulatory Sandboxes

Innovators in AI, biotech, clean energy or quantum often face regulatory bottlenecks rather than capital gaps. GBER lacks a framework for supporting sandbox environments.

- Allow Member States to fund startups and scaleups participation in regulatory sandboxes under GBER, exempted from some standard aid conditions.

This would create space for startups to test innovations in real markets while regulators learn.

8. Facilitate Export and Internationalisation

Scaling requires access to global markets. Today's support is capped by de minimis rules.

- Allow GBER support for internationalisation (export vouchers, soft-landing, co-financed trade fairs).

- Position EU startups globally without forcing them to relocate.

Phase 3 – Scaleups

9. Create a Distinct Category for Scaleups

Scaleups are treated as SMEs or large firms, with no tailored category. Many “graduate” out of SME thresholds just when support is most needed.

- Define a specific “scaleup” category in GBER based on high growth, attracted private capital and internationalisation.

10. Address the Scale-up Capital Gap

Europe’s scaleups raise 30–50% less capital than their US counterparts. Current ceilings are insufficient for later-stage growth.

- Raise GBER thresholds for co-investments.
- Enable guarantee schemes and paneuropean funds under GBER.
- Ensure that support is available beyond the SME phase to fit Scaleups.

11. Aid (Article 25)

Article 25 requires projects to fully fit one category (basic research, industrial research, experimental development, feasibility). This forces artificial separations and complex reporting, and slows down the process of going from lab to scaleup.

- Allow projects to mainly fall into a category. Simplify or replace bonus criteria (Article 25.6) with generally higher intensities.
- Harmonise cost eligibility rules with EU programmes.

Regional and systemic enablers – ecosystem

12. Strengthen Support for Regional Innovation Actors (Article 27)

Science parks, incubators and broad-based clusters are essential for startups and scaleups. Yet current rules apply the same co-financing requirements as industry-driven clusters.

- Create a dedicated aid category for intermediaries. Differentiate between public-good actors (that should be eligible for up to 100% public funding) and industry-driven clusters (private co-financing maintained).
- Allow long-term financing of operations and development.

13. Allow Start-up Aid via Intermediaries (Articles 5.2, 22, 28)

Today, intermediaries (incubators, clusters, science parks) can only channel aid under Article 28. Start-up aid (Article 22) is not permitted via intermediaries, despite them being the main support providers.

- Allow public-good intermediaries to provide start-up aid under Article 22, aligning rules with real practice and enabling wider reach.

14. Simplify Collaborative Projects (Article 20–20a)

Regional development relies on partnerships. Current GBER rules are too heavy.

- Extend simplified models from Interreg (joint applications, SCOs) to all collaborative projects under GBER.

15. Adapt Incentive Effect Rules (Article 6)

Current rules require every SME to apply individually, which is unworkable.

- Allow service providers (e.g. regional innovation agencies) to apply on behalf of multiple SMEs.

16. Strengthen Research and Test Infrastructure (Article 26 & 26a)

Deeptech startups rely on testbeds and demonstration sites. Aid intensity (25% + bonuses) is too low to trigger investments. Bonus criteria are unrealistic, and operating costs are excluded.

- Raise aid levels for startups and scaleup-access to not-for-profit testbeds.
- Raise aid intensities, include operating costs, and design realistic bonus schemes.

17. Simplify Collaborative Projects (Articles 20–20a)

Regional projects with multiple partners face heavy administration under current rules, forcing reliance on de minimis.

- Extend simplified Interreg models (joint applications, SCOs) to all collaborative projects.

18. Improve Data and Transparency

Today, there is no systematic way to track how GBER benefits startups/scaleups across Member States. Lowered thresholds for reporting (from €500k to €100k) increase administrative burden without proven benefit. Startups and funders both face inefficiency.

- Require Member States to report startup/scaleup aid separately and publish comparable EU-wide data.
- Publish data openly at EU level to enable benchmarking and peer learning.
- Revert thresholds to higher levels.

Conclusion

Europe's competitiveness depends on enabling startups and scaleups to grow and thrive – from early-stage to global expansion. GBER must evolve into a tool that reflects the realities of high-growth firms, not just traditional SMEs.

By reforming Article 22, revising UID and SME definitions, recognising VC, allowing broader financing instruments, creating a scaleup category, and simplifying rules for intermediaries and regions, the Commission can transform GBER into a true enabler of Europe's Startup & Scaleup Strategy and strengthen Europe's technological sovereignty.