

How Brussels' Regulatory Machine Crunches Innovation

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Brussels' regulatory machine is choking innovation in Europe. It must change its regulatory culture to adapt to a fast-changing world.

The European Commission has long been a formidable rule-making machine. Its mission—to forge and preserve the single market—relies on its chief instrument: regulation. These rules are meant to ensure that citizens and firms enjoy the same protections and opportunities across the Union. Yet Brussels' appetite for legislation has become insatiable. Nowhere is this more evident than in the [digital economy](#), where it has unleashed an avalanche of laws on data protection, competition, copyright, online safety, artificial intelligence, and cybersecurity, to name only a few.

The problem is not regulation itself, but its complexity. Businesses operating in the EU now navigate a dense network of overlapping rules. However, navigating EU laws is not easy. Enforcement is mainly left to Member States, which often interpret the same texts differently. The result is [market fragmentation and uncertainty](#)—precisely the opposite of what EU regulation was meant to achieve. Complying with this maze has become costly, especially for smaller firms that cannot afford enormous compliance burdens.

Regulations are also slow and rigid. Brussels legislates in years without changing much; innovators move in weeks while breaking things. The mismatch often turns well-intentioned protection into obstruction. [Meta](#), for instance, postponed its AI rollout in Europe amid months of debate over data-protection compliance among Member States. That delay deprives European users and companies of tools already available elsewhere, widening the gap with the United States and China—a gap highlighted starkly in Professor Mario Draghi's report on [Europe's competitiveness](#).

Listening to Draghi, the Commission has promised to simplify rules. [It plans](#) to streamline 25 legislative initiatives and review 20 more by 2026. But simplification is not the same as adaptation. Europe needs laws that can evolve as fast as the markets they govern. [Legal scholar Thibault Schrepel](#) notes that EU digital laws lack the flexibility to adjust quickly while providing legal certainty. He calls for modular legislation that allows rapid updates, real-time monitoring

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of enforcement, mechanisms for Member States to trigger reviews when rules prove unfit, and systematic learning from enforcement experience.

Such ideas demand a deeper shift in Brussels' mindset. Europe's regulatory machine was built for stability, not speed. Yet in a world defined by relentless technological change, agility is the new stability. Regulations should not only protect Europeans—they should empower them to innovate with confidence and attract investment, much as [the United Kingdom](#) aims to do through its pro-growth regulatory agenda.

The Commission's forthcoming ["Better Regulation" agenda](#), due in 2026, could mark a turning point. It should draw on the [OECD's guidance for pro-innovation policymaking](#): keep rules future-proof through ongoing stakeholder dialogue, strengthen cooperation among regulators, and anticipate disruption through systematic horizon scanning. [Regulatory experimentation](#) must become part of the process. Regulatory sandboxes—controlled environments that allow firms to test innovations under a regulator's supervision—can help Europe learn by doing, responsibly and at speed. Regulators themselves, operating under strict legal mandates, should go further: conducting market studies to track developments in fast-moving sectors and using digital tools, including AI, to strengthen oversight and cut red tape.

Brussels should also soften its determination to regulate big tech at all costs by adopting a more tailored, innovation-friendly approach. Under the banner of promoting "European champions", the EU has imposed sweeping obligations on a handful of large—mostly American—platforms. But these firms are also the engines driving the development of innovative products and services that Europeans use daily, from smartphones to search and messaging. Burdening them with broad, disproportionate compliance costs slows the rollout of new features. [Apple's](#) decision to delay its live-translation service on its earphones in the EU, citing regulatory challenges that require Apple to interact with rivals, is only the latest example. Whether or not European champions emerge, Brussels risks becoming a champion in stifling the very innovation Europe needs to thrive.

Once a symbol of integration, Brussels' regulatory machine has become a brake on Europe's dynamism. The answer is better regulation—faster, more flexible, and more experimental. Europe does not need to be shielded from a changing world; it needs to be equipped to keep up with it.

About

Digital Competition

Digital Competition (<https://www.digital-competition.com/>) is a digital and competition expert services for businesses, law firms, and government agencies, dedicated to promoting open digital and competition policies that foster innovation. Led by Dr. Christophe Carugati, a passionate and impartial expert in digital and competition policy, we bring together legal, economic, and policy expertise to deliver cutting-edge research, strategic advice, think tank initiatives, regulatory intelligence, tailored training, and high-impact conferences. Digital Competition is committed to addressing the most pressing challenges in the rapidly evolving digital and competition policy landscape. This opinion was conducted independently and did not receive any funding.

This paper is part of our Digital Regulation Hub (<https://www.digital-competition.com/generativeai>). We provide research on the consistency of digital regulations across countries and regulatory regimes.

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