Welcome Letter to the Cyprus EU Council Presidency from ACT | the App Association
January 2026

ACT | The App Association ('ACT') welcomes and sends its best wishes to the Cyprus Presidency of the Council of the European Union (EU). ACT is a global policy trade association for the small technology business community. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the European ecosystem ACT represents—which we call the app economy—is valued at approximately €95.7 billion and is responsible for more than 1.4 million jobs in the European Union (EU).[1]

To continue improving the lives of European citizens and creating sought-after jobs in the Member States, ACT members rely on EU and national-level policies that enable them to innovate and grow. As Cyprus takes on the Council Presidency, we share our top priorities for the upcoming months. ACT believes that the Cyprus Presidency has a great opportunity to further develop and strengthen Europe's digital economy and ensure that European small and medium-sized enterprises (SMEs) continue to thrive. As the leading industry voice of the app economy, we respectfully offer the following high-level recommendations and look forward to supporting the Cyprus EU Council Presidency in its work.

Main recommendations to the Cyprus EU Council Presidency

I. Ensuring a clear regulatory framework for SMEs

Streamlining the regulatory environment and reducing bureaucratic hurdles is essential for SMEs to thrive, as it reduces compliance costs and allows them to focus on innovation and growth. Regulatory measures, even when meant to be aimed at larger businesses, often impact SMEs. A balanced approach that considers the unique needs of SMEs is therefore crucial for fostering a competitive and inclusive digital economy. In this context, the delivery of an impactful Digital Omnibus should consolidate and simplify existing digital legislation, reduce overlaps, and ensure proportionality in compliance obligations. We ask the Cyprus Presidency to use its influence to **promote such a regulatory landscape that genuinely supports SMEs, ensuring they are not overburdened by excessive or fragmented compliance requirements**.

II. Advancing technological innovation and supporting small business growth

We advocate for increased funding for research and development, particularly in areas such as artificial intelligence (AI), machine learning, and augmented reality. These cutting-edge technologies are pivotal for the next generation of tech developments, and enhanced investment in these fields will ensure that Europe remains at the forefront of innovation. Small businesses are champions of innovation due to their flexibility, adaptability, and close community ties, allowing them to quickly identify and respond to market gaps and needs. Therefore, **we ask for the implementation of financial support initiatives designed to strengthen small businesses in the tech sector**, such as grants, tax

[1] See https://actonline.org/wp-content/uploads/220912_ACT-App-EU-Report.pdf.

incentives, and improved access to venture capital, enabling small businesses to thrive.

III. Creating a Single Market that works

A truly functional Single Market requires regulatory frameworks that enable companies to scale seamlessly across borders. The proposed 28th regime and the forthcoming Innovation Act represent important opportunities to reduce fragmentation, provide legal certainty, and lower the cost of cross-border operations, particularly for SMEs and innovative companies. By offering a harmonised framework, the 28th regime can help businesses operate under a single set of rules across the EU, while the Innovation Act should support experimentation, faster market uptake of new technologies, and innovation-friendly regulation. Together, these initiatives can strengthen Europe's competitiveness and ensure the Single Market works effectively for businesses of all sizes.

To ensure real impact, the 28th regime should be established through a regulation, providing a directly applicable and uniform framework across all Member States. Only a regulation can effectively eliminate legal fragmentation and deliver the certainty needed for businesses, especially SMEs and innovative companies, to scale across borders. More broadly, it is essential that the 28th regime and the Innovation Act are designed and implemented correctly from the outset. **We therefore ask the Cyprus Presidency to champion an ambitious and coherent approach to these files, ensuring they are structured in a way that delivers legal certainty, reduces fragmentation, and achieves their intended impact on the functioning of the Single Market.**

IV. The ability for SMEs to fairly license standard-essential patents (SEPs)

We ask the Cyprus Presidency to use its influence **to advance a balanced and pragmatic discussion on** standard-essential patent (**SEP) licensing at the EU level in order** to restore legal certainty and ensure that SMEs are able to get the licenses they need for SEPs on fair and predictable terms.

The ability of SMEs to use standards, which requires licenses for relevant SEPs on fair, reasonable and non-discriminatory (FRAND) conditions, is an important pathway for innovation, market entry, and participation in consumer and enterprise value chains. As the European Commission's (EC's) own extensive studies and consultations have demonstrated, the current SEP licensing landscape has long been, and remains, opaque and costly due to the systematic exploitation of ambiguities in both EU law, EU Member States' laws, and standard-setting organisation policies by SEP licensors, disproportionately affecting SMEs that lack the resources to engage in lengthy negotiations or litigation.

In this context, the European Parliament's decision to bring legal action against the EC following the latter's unprecedented and improper withdrawal of the SEP Regulation proposal underscores the institutional recognition of the importance of this issue and the need for a coherent EU-level approach. The absence of a clear and predictable framework risks perpetuating fragmentation and power imbalances in licensing negotiations, leaving SMEs exposed to high transaction costs, legal uncertainty, and reduced incentives to innovate.

The Cyprus Presidency can and must lead by taking decisive action on this file to ensure Europe has a fair and competitive market, free from the distortions caused by abusive SEP licensing practices.

V. Digital infrastructure and connectivity

As committed advocates for innovation and technological advancement, we support the expansion of digital networks and the continued development of connectivity standards across Europe. A robust and competitive connectivity infrastructure is essential to drive innovation, enhance Europe's competitiveness, and ensure that both consumers and businesses benefit from, and are empowered by, digital capabilities across markets. The upcoming Digital Networks Act represents an important opportunity to strengthen Europe's connectivity framework in a way that supports growth, investment, and innovation.

At the same time, we remain concerned about the continued ambiguity surrounding investment models and their practical implications, particularly discussions related to the potential introduction of new network fees. We believe that providers of electronic communications networks (ECNs), as the primary operators and custodians of connectivity infrastructure, should continue to bear responsibility for investing in, maintaining, and upgrading their networks. Proposals that would shift network development contribution obligations to content and application providers (CAPs), which offer fundamentally different services, risks blurring roles within the ecosystem and undermining healthy market dynamics. Further, the imposition of such fees stands to conflict with the EC's well-established network neutrality requirements.

As the electronic communications sector evolves, it is essential that the digital ecosystem remains open, stable, and resilient. Any measures that unduly disrupt existing pro-competitive dynamics would impose additional burdens on businesses, particularly SMEs and startups, that rely on the integrated electronic communications system to innovate and scale. Smaller firms often lack the financial margins to absorb additional network-related costs, whether imposed directly or indirectly. Such burdens would risk placing SMEs at a competitive disadvantage compared to larger market actors, limiting their ability to innovate and offer differentiated services.

We therefore urge the Cyprus Presidency to **ensure that discussions on the Digital Networks Act remain focused on preserving a balanced and innovation-friendly connectivity ecosystem, and to oppose the introduction of network fee requirements on innovators that reside on the network edge, particularly the SMEs who would be disproportionately negatively impacted by such fees.**

VI. Digital Fairness Act

ACT supports the objectives of the European Commission's proposed Digital Fairness Act (DFA). We have long advocated for enhanced online safety and cybersecurity measures, recognising the importance of protecting consumers in the digital age. The initiative's focus on increasing transparency and combating deceptive practices, such as dark patterns, aligns with our ongoing efforts to foster a trustworthy online environment. We are also strong proponents of widely enhancing digital literacy and education because we understand that empowering consumers with knowledge is essential as we navigate an increasingly digital world.

However, with the recent rollout of European digital regulations, SMEs are struggling and experiencing regulation fatigue, finding it difficult to keep up with regulatory changes, including navigating overlaps between laws. Additionally, some of these overlaps can appear contradictory, further causing confusion for businesses. For example, while there are ongoing initiatives to promote online safety, the Digital Markets Act (DMA) has introduced new security risks by forcing digital ecosystems to prioritise interoperability over security and privacy, which increases online safety risks, such as malware, fraud, and other threats. As the implementation continues to take place, we urge the Cyprus Presidency to take the small businesses concerns and views into consideration.

We believe that instead of introducing new laws and further complicating the already confusing digital regulatory landscape, it is essential to focus on optimising and implementing existing laws effectively. If pursued, the DFA should serve as an instrument to align, clarify and make existing rules work better together, rather than introducing new overlapping obligations. Firstly, we urge a re-examination of digital regulations to identify the parts that might inadvertently create increased security issues, as seen with the DMA. **We ask the Cyprus Presidency to acknowledge and address the overwhelming** regulatory fatigue experienced by SMEs in Europe. We further ask the Cyprus Presidency to use its influence to promote thoughtful and careful implementation of existing regulations, ensuring they do not further compromise digital security.

VII. Conclusion

We wish the Cyprus Presidency success, and we thank you in advance for considering our comments. We look forward to future opportunities for engagement, and we remain available for any follow-up questions or conversation.

Sincerely,

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