

Europe's Moment of Decision

A message to European leaders from the EU private investment community ahead of the March European Council

Europe is falling behind in an increasingly fragmented and competitive world. This March, you will have a clear-cut opportunity to decide whether Europe accelerates - or accepts a diminished role.

From our vantage point as private investors - accustomed to taking risks to create value, we see the immense potential in choosing ambition now.

We, private equity, venture capital and infrastructure managers, are hands-on partners to tens of thousands of European businesses. We help companies grow, modernise and accelerate innovation; to professionalise their operations and strengthen their governance; and ultimately to expand internationally and become industry champions.

Every day we are making difficult decisions to help finance Europe's technological breakthroughs, its life-saving medical innovations, its environmental, social and physical infrastructure, and the increase in our defence capabilities.

Our day-to-day work puts us right in front of the real-world barriers even the best EU companies must face. Our technology and research officers must cope with the impact of regulatory fragmentation and slow cross-border processes; our deal teams and accountants with the many constraints in accessing capital.

Every failure of the EU Single Market, every limitation of the Savings and Investments Union, directly reduces our ability to invest - and, in turn, weakens the global relevance of the companies we support.

This is why we write to you today. No path other than collective action will be sufficient to address Europe's competitiveness challenge. We need solutions at EU level - solutions that respect national specificities - but rise decisively above them.

With this letter, we, investors and businesses from across the continent, collectively call on you to take the bold steps required to ensure that Europe, the continent that has shaped the past centuries, is fully equipped to shape this one.

Foster the capital raising from EU and non-EU investors

We face an annual investment gap of roughly €800 billion to deliver the green transition, digital infrastructure, as well as our life science, defence and space capabilities. At the same time, our households hold tens of trillions of euros in savings, much of it parked in low-yield deposits. Our continent does not lack capital; it lacks effective mechanisms to channel long-term savings into productive private investment at home.

If we are to scale globally, it must become significantly easier to raise capital from both EU and non-EU investors - retail and institutional alike. As highlighted in the Draghi report, we start from a structural disadvantage: a predominantly bank-based financial system that is ill-suited to providing the long-term equity financing innovative companies require. Reframing Europe's financial architecture is not optional if we want EU citizens and institutional investors to deploy their capital into meaningful projects.

Prudential and investor-protection frameworks should be reassessed with this objective in mind: risk assessments must reflect not only the risks of investment, but also the very real cost of inaction. In parallel, incentivising auto-enrolment, strengthening financial literacy, and expanding funded supplementary pension schemes will bring more European citizens into long-term investment and deepen our capital base.

While nearly half of our investable capital originates outside the EU, Europe must take care not to disincentivise those investors. Certain initiatives, including proposals such as the Industrial Accelerator Act (IAA), risk unintentionally restricting access to foreign capital markets that have been critical to EU growth. A better reflection of the features of private equity investments in FDI regimes is warranted to avoid unintended effects of otherwise well-meaning actions.

A new Single Market leap

Despite decades of integration, private capital still operates across a patchwork of 27 national regimes. Start-ups struggle to scale because they must navigate a wide array of divergent requirements across the continent and end up moving to Pacific shores.

The concept of a voluntary, harmonised “28th regime” could enable seamless cross-border investment, reduce costs, and accelerate funding into European companies. But it will fall short unless it is genuinely attractive - through clear advantages, a regime with no “bells and whistles” allowed in national gold plating and with a plan to follow up in areas such as insolvency, labour, or taxation. Feedback to date is worrying: old habits and national reflexes could well dilute the value of such an important proposal.

On this as well, failure is not an option. Legislators should take all necessary steps to ensure that this regime becomes the default, go-to framework for every innovative company, start-up, or scale-up operating in Europe by 2035.

Fund managers themselves, as investors, also face duplicative reporting, diverging national requirements, and excessive administrative complexity. Fragmentation will persist as long as they remain subject to divergent national regimes and interpretation. The upcoming revision of the EuVECA framework and the Market Integration Package offer opportunities to make rules more fit for purpose and more agile - and help individuals concentrate more of their time on investing.

Public capital as a tool to mobilise private finance

The next Multiannual Financial Framework offers a critical opportunity to redesign the EU budget as a true catalyst for private investment. Public capital should be used more strategically to crowd in private finance - through equity instruments, blended finance, guarantees, and targeted co-investments - rather than to substitute for it.

Competitiveness must become a horizontal objective of the MFF, embedded across all spending chapters, and not confined to a single - however welcome - European Competitiveness Fund.

A more open and pragmatic approach to state aid, allowing Member States to support innovative companies on their own soil, should go hand in hand with a clear-cut vision for how such remedies can crowd in and leverage private investments and with a revision of

EU definitions of SMEs, start-ups, and scale-ups. Updating these definitions would make equity financing a more attractive and effective co-investment tool, better aligned with the growth trajectories of Europe's most promising companies.

A call for action

Two years ago, we urged the European Commission to move *Forward*. Since then, important proposals have emerged and the direction of travel is clearer. But proposals alone will not be enough. The decisive phase - the phase of implementation - has only just begun, and only resolute action will turn ambition into real change.

We are under no illusion about the political difficulty of the choices you face, whether in deepening the Single Market or in mobilising Europe's long-term savings. These decisions require trade-offs, coordination, and a willingness to move beyond established comfort zones.

Yet the cost of hesitation has never been higher. Fragmentation, under-investment, and regulatory inertia are no longer abstract concerns: we see them, every day, weakening Europe's competitiveness and eroding its strategic autonomy.

We will play our part. As long-term investors, we are ready to take risks, mobilise capital, and support European companies as they innovate, scale, and compete globally. To do so, we need a policy framework that is agile, coherent, and aligned with the real needs of the businesses we support.

Europe should not settle for adapting to a changing world. With the right choices now, it can still shape it. But it is now or never for our continent.

Yours sincerely,



Eric de Montgolfier

List of co-signatories



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