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France Invest's contribution to the Commission's call for evidence on
a Single Market strategy for 2025

France Invest would like to thank the Commission for the opportunity to contribute to its call for evidence on a Single Market strategy for 2025.

We fully endorse the goal of creating renewed momentum for a modernized Single Market for goods and services. As highlighted in several recent reports, strengthening the EU's competitiveness is an urgent priority, and an integrated domestic market is essential for enabling companies to scale up and compete on a global stage.

In this regard, a robust and competitive financial sector is crucial to channel EU savings toward policy objectives and provide companies with the funding they need to grow, tackle transitional challenges, and enhance their global competitiveness.

We recognize the efforts already made to advance the Capital Markets Union and the Savings and Investments Union and agree that the Single Market strategy should complement these sector-specific initiatives.

While the European private equity market is partially unified in terms of participants, products, investments, and investors, significant work remains to unlock its full potential. Action is needed across all levels of the value chain to remove barriers and maximize opportunities.

Many of the practical measures outlined in our manifesto for a stronger, greener, more innovative, equitable, and inclusive Europe align with the high-level recommendations in the Letta and Draghi Reports aimed at boosting EU competitiveness. Specifically, we support proposals to enhance SME access to capital, encourage participation in capital markets, mobilize retail savings, promote long-term investments, facilitate institutional investment, and address regulatory and supervisory harmonization.

We agree with the Commission that addressing regulatory and administrative barriers to cross-border finance and investment is critical. Progress has already been made in this area, such as the recent revision of the ELTIF Regulation, the ongoing insolvency framework updates, and the implementation of the ESAP.

Avoiding duplication of similar rules is essential. For example, financial stability risks should be assessed holistically, with existing reporting provided by financial entities shared among ESAs and between national and European authorities. Entities should not face unwarranted additional regulations where coherent rules are already in place.

We advocate for robust impact assessments before introducing new regulations, as well as efforts to prevent gold-plating or creating competitive disadvantages compared to other regions. Additionally, the "one in, one out" principle should be strictly upheld.

The consistent implementation and enforcement of existing rules by Member States are vital to completing the Single Market. Strengthening EU financial supervisors and ensuring better cooperation with national authorities is key. Moreover, the mandates of the European Supervisory Authorities (ESAs) should explicitly support the

competitiveness of the financial sector and long-term economic growth.

Finally, we strongly support reducing bureaucratic burdens for businesses, particularly SMEs, which we are committed to assisting.

We look forward to the Commission's forthcoming horizontal strategy to reduce fragmentation and finalize the Single Market, including a clear roadmap with defined timelines and milestones for urgent, concrete actions.

Contact

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About France Invest

Established nearly 40 years ago, France Invest brings together venture capital, private equity, infrastructure and private debt teams based in France, as well as the associated professions which support them. Its membership currently counts roughly 440 management firms and 200 associate members.

Private equity supports unlisted companies for a fixed period of time and provides them with the equity capital, through the acquisition of minority or majority stakes in their capital, needed to finance growth and transformation projects. It supports the creation of start-ups (venture capital), participates in the growth and transformation of many regional SMEs and mid-caps (growth capital) and contributes to the transfer of companies (replacement capital).

France Invest's members represent one of the main growth drivers for the French and European economy and support a significant portion of employment in France and Europe. In 2023, French private equity and infrastructure players invested €31 billion in 2,700 companies and infrastructure projects. They raised €33 billion from investors, half of which abroad (just under one third at EU level excluding France), which will be invested over the next 5 years¹. In addition to that, in 2023, private debt players (structures financing companies and infrastructure projects) invested €14 billion in 387 transactions and raised €10 billion that will finance new transactions in the coming years². European companies, in particular start-ups and SMEs, are the main recipients of our members' investments. Over the 2017- 2022 period, over 330 000 jobs were created in companies backed by French venture capital and private equity³.

In particular, during the pandemic, the venture capital and private equity industry has demonstrated its adaptability, supporting existing portfolio companies as and when needed, while continuing to invest in new businesses that require capital and operational expertise to grow.

¹ <https://www.franceinvest.eu/activite-du-capital-investissement-francais-en-2023/>

² <https://www.franceinvest.eu/activite-des-fonds-de-dette-privée-en-france-en-2023/>

³ <https://www.franceinvest.eu/croissance-et-creation-demplois/>