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**Ms Teresa Ribera**

Executive Vice-President of the European  
Commission for Clean, Just and Competitive  
Transition

European Commission

Rue de la Loi 200, 1049 Brussels, Belgium

cc: Ms Ekaterina Zaharieva

Brussels, 15 September 2025

**Subject: Review of the EU Merger Guidelines**

Dear Executive Vice-President Teresa Ribera,

We are writing to you concerning the ongoing review of the EU Merger Guidelines. This review is of critical importance to Europe's startups and scale-ups. We urge the European Commission to ensure that the updated guidelines enable greater innovation, investment, and global competitiveness.

Startups are the real crash test of the economy. When they grow, succeed, and exit, they fuel competitiveness, attract investment, and drive long-term prosperity. As the EU sharpens its focus on restoring competitiveness and closing the innovation gap, this review presents a crucial opportunity to address one of Europe's long-standing weaknesses: its underdeveloped exit markets.

These weak exit pathways are driving European startups abroad — especially when founders are seeking to generate returns. Companies founded in the EU that relocate show a higher likelihood of acquisition compared to those that remain. This creates a clear incentive for founders to move abroad in search of better exit opportunities and a return on investment. The result is a weakening of Europe's innovation capacity and reduced ability to build globally competitive companies, as well as a continued erosion of its position in the global tech race.

M&A is the most common pathway for founders to generate returns, but it also fuels the broader innovation ecosystem by recycling capital into new ventures and sustaining a healthy private equity and venture capital (PE/VC) environment. Many entrepreneurs deliberately build their companies with an "exit strategy" in mind ("built to sell"), developing valuable IP, strategic market positions, or

complementary technologies that are attractive to potential acquirers. However, without reform, acquisition routes in Europe will remain uncertain, restrictive, or costly, discouraging institutional investors and pushing founders towards more favourable ecosystems. Recent cases underline the need for clear guidance on ecosystems, interoperability, and dynamic competition, and for evidence-based policy that recognises the pro-competitive effects of non-horizontal acquisitions.

To close the innovation gap, Europe needs a modern, innovation-friendly approach to M&A. Rather than creating obstacles, EU rules should clarify and streamline the process, making it faster, more predictable, and less financially burdensome. A streamlined, pro-innovation merger regime would empower European companies to grow on a global scale. In turn, it would increase the incentives to invest in Europe, strengthen capital markets, and secure Europe's position as a world leader in technology and innovation.

This is particularly urgent in deeptech sectors such as clean energy, life sciences, AI, advanced materials, and emerging fields like space and quantum, where scaling often requires strategic acquisitions and cross-border integration within the Single Market.

### **What is at stake?**

We support the Commission's stated aim to deliver a predictable, evidence-based, and lasting framework for merger assessment, reflecting case practice and CJEU case law. We believe that achieving this requires addressing the following core dimensions:

- **Capital recycling:** Successful exits return capital to founders and investors, enabling reinvestment in the next generation of startups. Overly restrictive merger rules risk slowing this virtuous cycle.
- **Startup success:** For many startups, acquisition is the most realistic and strategic exit. Without credible M&A routes, however, founders struggle to create value, and investors have fewer incentives to fund new ventures.
- **Europe's ability to build global companies:** European scale-ups often acquire complementary businesses in other Member States to overcome market fragmentation and grow more quickly. It is crucial to protect this pathway if Europe is to remain competitive.
- **Single Market strength:** Predictable and harmonised merger rules are also essential to strengthen the EU's Single Market, ensuring startups can scale across Member States rather than relocating abroad.

- **Investor and acquirer confidence:** Complex or unpredictable merger reviews can deter potential acquirers, particularly larger corporations, from engaging with early-stage companies. This weakens demand on the buy side, reduces investment, and discourages European founders from starting new businesses. Clear, proportionate merger review is also crucial for Europe's PE/VC investors. Overly strict scrutiny for minority or fund-based investments risks deterring needed capital and reducing exits.
- **Regulatory coherence & legal certainty (Article 22):** below-threshold 'call-ins' should remain truly exceptional and time-predictable, in line with the CJEU's Illumina/Grail ruling clarifying foreseeability.

### Key Requests for the EU Merger Guidelines

- **Global competitiveness as a guiding principle:** European startups and scale-ups compete worldwide. The revision should adopt a dynamic, global perspective that reflects fast-moving innovation markets, avoiding overly static rules.
- **Startup Simplified Track:** Create a streamlined path for transactions involving startups (limited overlaps, clear non-horizontal scope): single short form, capped pre-notification, proportionate RFIs.
- **Legal certainty and proportionality:** Provide clear and predictable pathways for strategic transactions. Avoid expanding thresholds or referrals that add uncertainty, and ensure that information requests are proportionate for smaller companies. Post-Illumina, clarify that Article 22 referrals require at least one NCA with jurisdiction and must occur within a short, public deadline from announcement. Additionally, make clear that minority or non-controlling investments by private equity or venture capital funds, where there is no material market overlap or operational control, should not trigger in-depth reviews, unless there is strong evidence of a genuine competition risk.
- **Recognise pro-competitive vertical deals:** Many acquisitions combine complementary technologies, teams, and IP, accelerating innovation and consumer benefits. In the absence of specific harms, vertical M&A should be presumed to enhance welfare and be eligible for simplified review. Maintain distinct treatment of non-horizontal mergers and apply standard ability-incentive-effect foreclosure tests, avoiding speculative 'ecosystem' theories absent concrete evidence.
- **Account for innovation benefits:** As proposed by Mario Draghi, introduce an explicit *innovation imperative*, explicitly recognising innovation as a key

driver of competition and consumer welfare, so demonstrable short-, medium- and long-term innovation gains (incl. out-of-market and sustainability efficiencies) can outweigh static competition concerns.

- **Prefer pro-interopability remedies where concerns arise:** When interventions are needed, prioritise targeted interoperability/data-access remedies over prohibitions in non-horizontal settings.

We urge the Commission to update the EU Merger Guidelines in a way that promotes innovation, strengthens Europe's global competitiveness, and supports startup growth. Proportionate merger control would enable scale through acquisitions, facilitate capital recycling, and incentivise long-term investor commitment. We also encourage DG COMP to publish an annual KPI snapshot on early-stage M&A timelines and volumes post-reform.

We remain committed to engaging constructively with the Commission and are ready to provide concrete examples and data to illustrate the potential impact of merger control on Europe's innovation economy.

Sincerely,

Allied For Startups



AustrianStartups



BESCO – The Bulgarian Entrepreneurial Association



Czech Startup Association



Danish Entrepreneurs



Dutch Startup Association



Estonian Founders Society



EBAN – European Business Angel Network



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