

Capital Markets Union Action Plan: cause for optimism

EUROCHAMBRES today expressed optimism that the measures contained in the new Capital Markets Union (CMU) Action Plan can contribute to more dynamic and interconnected EU financial markets. The package has the potential to help businesses identify financing solutions that meet their needs, but will only prove substantive if the follow-up and implementation reflect the plan's ambition.

Debt AND equity financing

EUROCHAMBRES fully supports the Commission's twin approach of leveraging banking capacity - notably through quality securitisation markets – while also seeking to stimulate alternative forms of equity financing and remove barriers to cross-border investment. *"The action plan is realistic in recognising EU companies' heavy reliance on bank lending, but at the same time rightly seeks to make equity financing a more viable option, even for small businesses with limited domestic market investment opportunities"*, EUROCHAMBRES Secretary General Arnaldo Abruzzini said.

EUROCHAMBRES also endorses the focus on addressing the debt-equity tax bias, reflecting a regular call from Chambers in recent years. However, this must be tackled with member states' commitment and fiscal incentives must support innovation and apply to both investment and capital gains.

Business-investor asymmetry

EUROCHAMBRES has frequently highlighted a detrimental asymmetry in the needs, expectations, timing and even vocabulary of businesses and investors. Plans to work with business organisations, financial intermediaries and the ECB to tackle the information mismatch and ensure user-friendly guidance on available financing options are thus welcomed. Nonetheless, companies have a legitimate commercial interest in controlling access to their information and EUROCHAMBRES would oppose any requirement to make SMEs' credit history unconditionally available.

"From a business perspective, it is crucial to accelerate investor decisions and bring them more in line with growing businesses' rapid development needs, but at the same time Chambers recognise the need to improve the financial acumen of businesses", added Mr Abruzzini.

Overall, EUROCHAMBRES believes that the Action Plan has the potential to provide much needed nourishment to the withered post-crisis financial landscape, but only with the strong support of co-legislators and the commitment and effective coordination of national administrations.

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