

## The Capital Markets Union is crucial for Europe's recovery

EUROCHAMBRES, the association of European Chambers of Commerce and Industry, takes note of the Council conclusions on the Capital Markets Union (CMU) Action Plan, as fully functioning capital markets will allow EU businesses to grow in an increasingly complex global economic context. *"The Council's response shows that EU has a crucial role in supporting a swift economic recovery in the context of COVID-19 pandemic"*, EUROCHAMBRES President Leitl underscored. He continued *"Measures that allow small businesses stay solvent in the medium and longer term are as important as swiftly addressing short-term liquidity problems"*.

EUROCHAMBRES felt that the Action Plan could have been more ambitious when it comes to tackling the high costs and administrative burdens for listed SMEs, encouraging a diverse and attractive funding base, as well as addressing the overall lack of capital markets culture. Lawmakers must ensure that the regulatory framework for SME access to financing on capital markets is as streamlined and simplified as possible, while striving to guarantee a fast, effective, and cost-efficient cross-border investment protection mechanism.

While banks will continue to be the leading funding vehicles for SMEs, start-ups, innovative companies and other unlisted small firms, a wider set of options covering equity and venture capital finance is needed to finance their growth and resilience. In particular, private equity finance holds a promise for small firms seeking long-term investments to sustain innovation, value creation and growth. The difficulties that SMEs experienced in raising funds during the last financial crisis proves that Europe's economy cannot recover without strong financial support channeled towards SMEs. EUROCHAMBRES believes that allowing a greater range of prospective institutional investors and lenders, e.g. insurance companies, pension funds, or national promotional banks, to allocate private capitals towards SMEs portfolios will greatly increase the prospects for a swifter recovery.

For more information, please consult [EUROCHAMBRES' Position Paper on the CMU Action Plan](#).

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