



## John Berrigan

Director-General, DG for  
Financial Stability, Financial  
Services and Capital Markets  
Union, European Commission

# Getting Europe's money to where it can do the most good financing the economy

Capital Markets Union (CMU) is our plan to establish a truly single market for capital across the EU. It aims to get investments and savings flowing across all Member States – to benefit citizens, investors and companies, regardless where they are located. CMU is about getting Europe's money from where it is, to where it can do the most good. To finance recovery and create new jobs. A fully functioning and integrated market for capital will allow our economy to grow and be more competitive, while delivering on the EU's commitment to green its economy.

The efforts to build a single market for capital began with the Treaty of Rome. We are not done yet. The 2015 Action Plan on CMU set out some necessary measures to establish CMU. In 2017, the Commission complemented it by strengthening existing actions and introducing measures in response to evolving challenges. Many proposed measures were adopted and are being implemented. While we have made progress, much remains to do to establish a deep and efficient single market for capital.

CMU is undeniably more urgent in light of the COVID-19 crisis. Public support and bank loans helped businesses address the short-term liquidity squeeze caused by lockdowns. However, in the medium and longer-term, businesses need a more stable funding structure. Re-equitisation of EU industry, facilitated by CMU, is essential. Market financing will be the lifeblood that sustains recovery and growth.

Brexit also has an important impact on CMU. It strengthens the need for the EU to have well-functioning and integrated capital markets. After Brexit, EU capital markets consist of multiple financial centres. A single rulebook and effective supervision will be crucial to prevent regulatory arbitrage, forum shopping, and a race to the supervisory bottom. A strong and complete CMU also goes hand in hand with the promotion of a stronger international role of the euro and an effective policy to protect the EU against extra-territorial effects of measures taken by third countries.

However, deepening the CMU that Europe deserves will be difficult. Remaining barriers, conditioned by history, customs and culture, are deep-rooted. They will take time to tackle. There is no single measure that will complete our vision. The only way forward is step-by-step, in all areas where barriers to free movement of capital still exist. This requires commitment and determination from all parties, especially Member States. Building CMU is a gradual process, based on delivering many small but

important changes, so it is important not to lose sight of the global vision for CMU.

In November 2019, we brought together 28 industry executives, experts, consumer representatives and scholars in the High-Level Forum on CMU. It published a report with 17 recommendations for us and the Member States to advance CMU. This final report now provides, and feedback on the specific recommendations will provide the Commission with valuable input from stakeholders. That will feed into the new CMU Action Plan coming later this year.

While we are still developing specific actions of the next CMU Action Plan, it is clear that areas such as SME access to finance, market infrastructure, retail investor participation, and removing barriers to cross-border investment will be at the heart of the new vision. CMU will make it easier for our businesses to get the funding they need to invest in our economy. Capital markets are vital to the recovery and to the EU's future, because public financing alone will not be enough to get our economies back on track, nor to build the green economy we have committed ourselves to. ●