

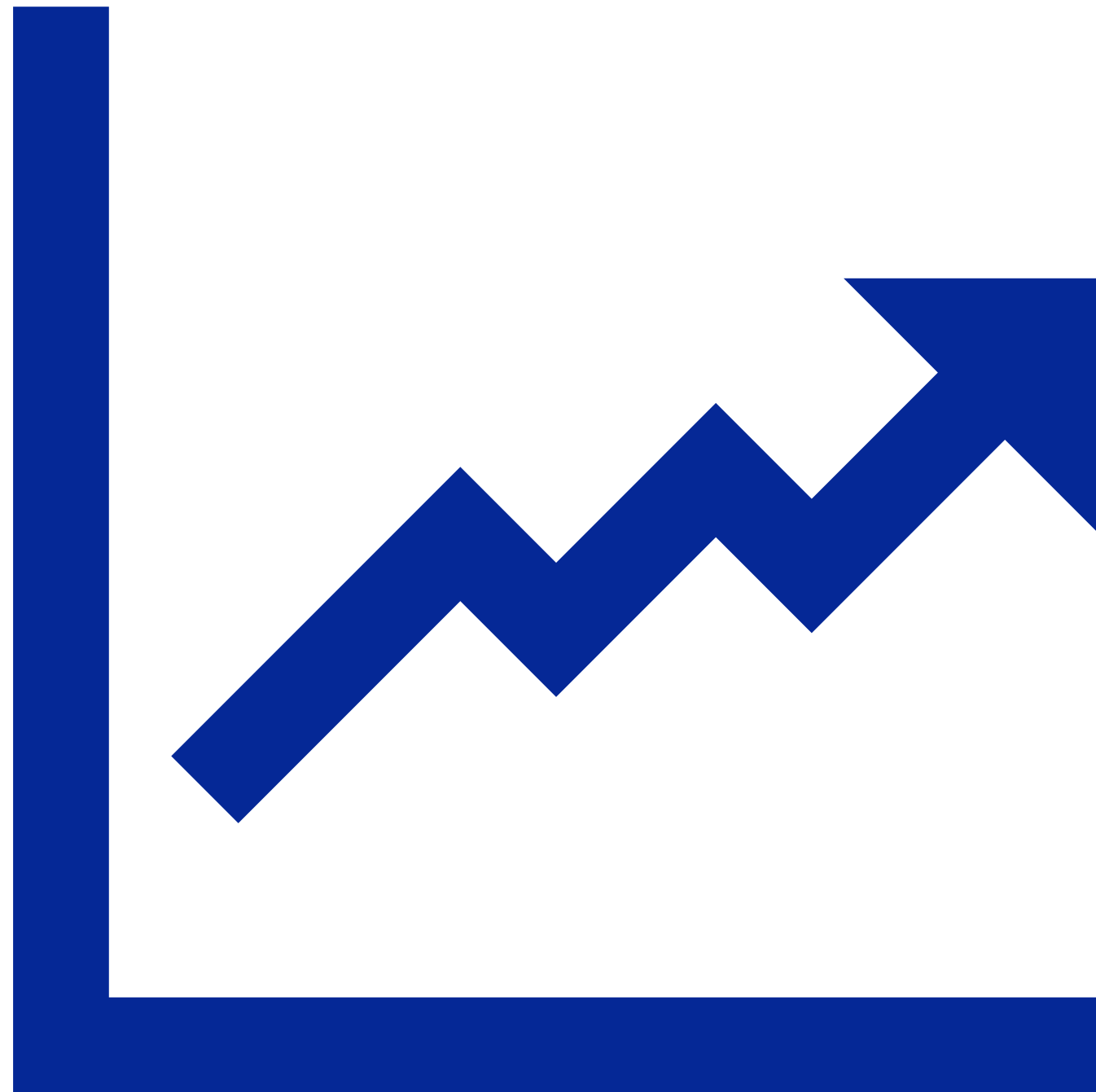


Capital Markets Union

- Results of the Belgian Presidency and Next Steps



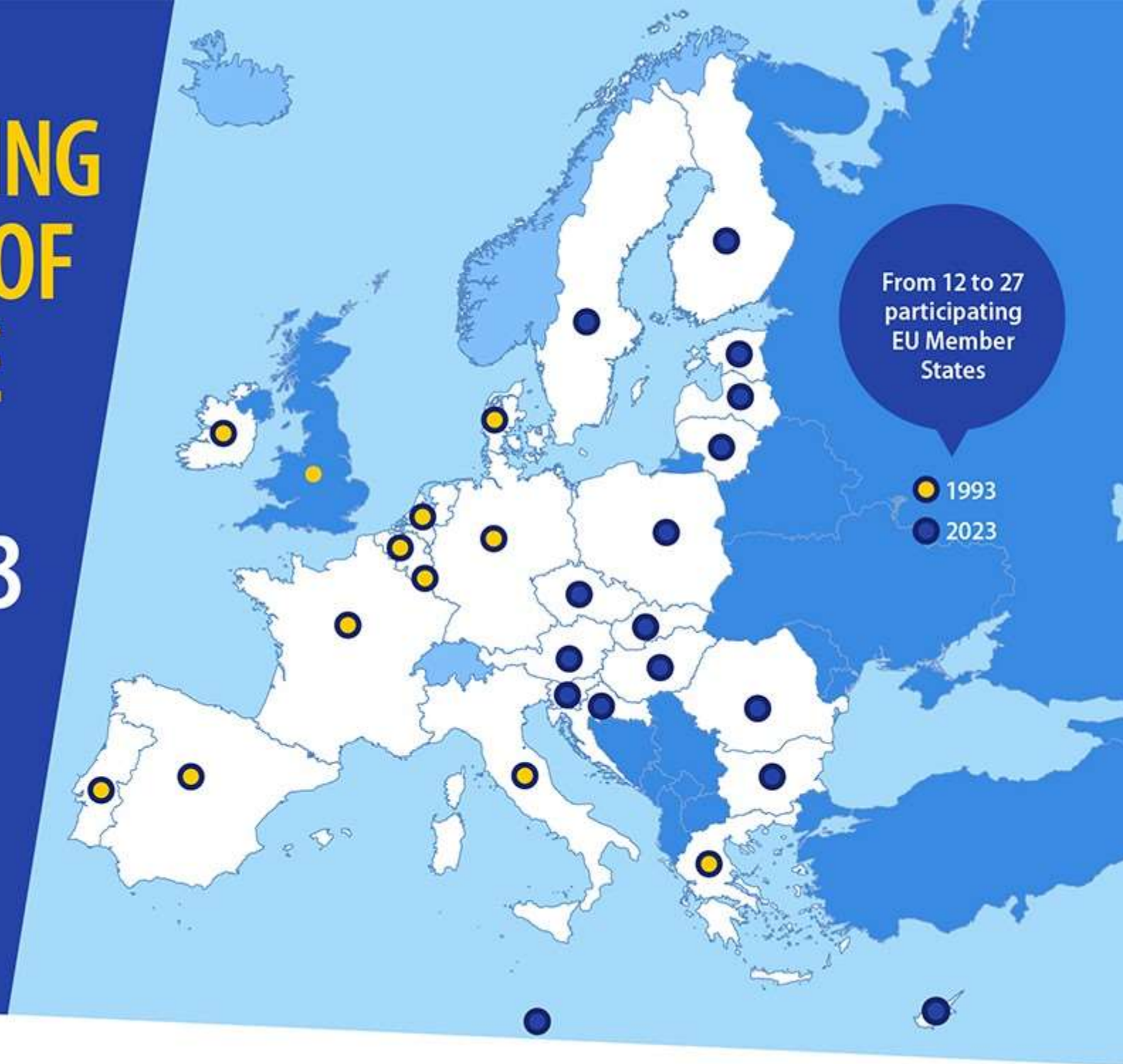
CONTEXT - How much higher is US market capitalization of publicly listed companies compared to the EU?



5 times!

CELEBRATING 30 YEARS OF EU SINGLE MARKET 1993-2023

The EU
key figures



447 million
citizens



14 525
billion €
GDP



23 million
businesses ...



... employing
nearly 128 million
persons



988 billion €
intra-EU
exports
in services



3 443 billion €
intra-EU
exports
in goods



6 493 billion €
intra-EU
net investment
position

ENRICO LETTA

MUCH MORE THAN A MARKET

SPEED, SECURITY, SOLIDARITY

Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens

April 2024





“We are too small. And if we don’t integrate, we will decline”

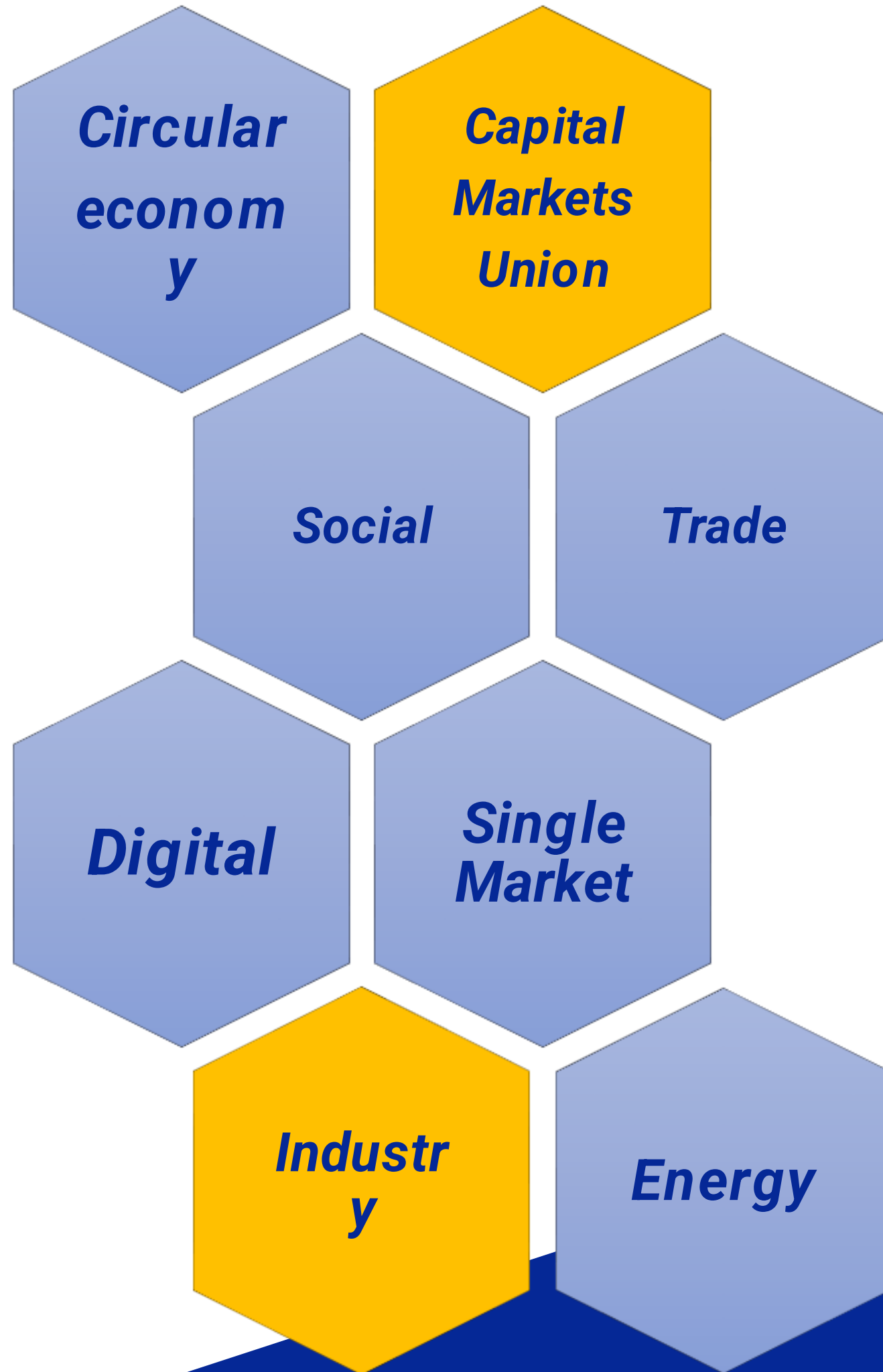
“The US is exploiting its single market. And we are not”

“There was a fake communication that we had for 20 or 30 years . . . It is not a single market”

“If you’re not able to integrate the single market for energy, finance, telecom you don’t have any economic security.”

“If we don’t find a way to use private money to finance the green transition and our security needs, It will be very complicated to find a solution based only on public money.”

Competitiveness



Capital Markets Union (CMU)

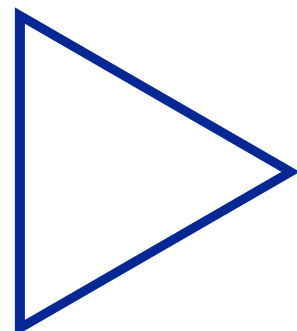
PURPOSE?

Supercharge public investments



&

Activate private finance



MICRO PROBLEMS

EU savings are sleeping in bank accounts

EU Bank loans are focused on physical assets

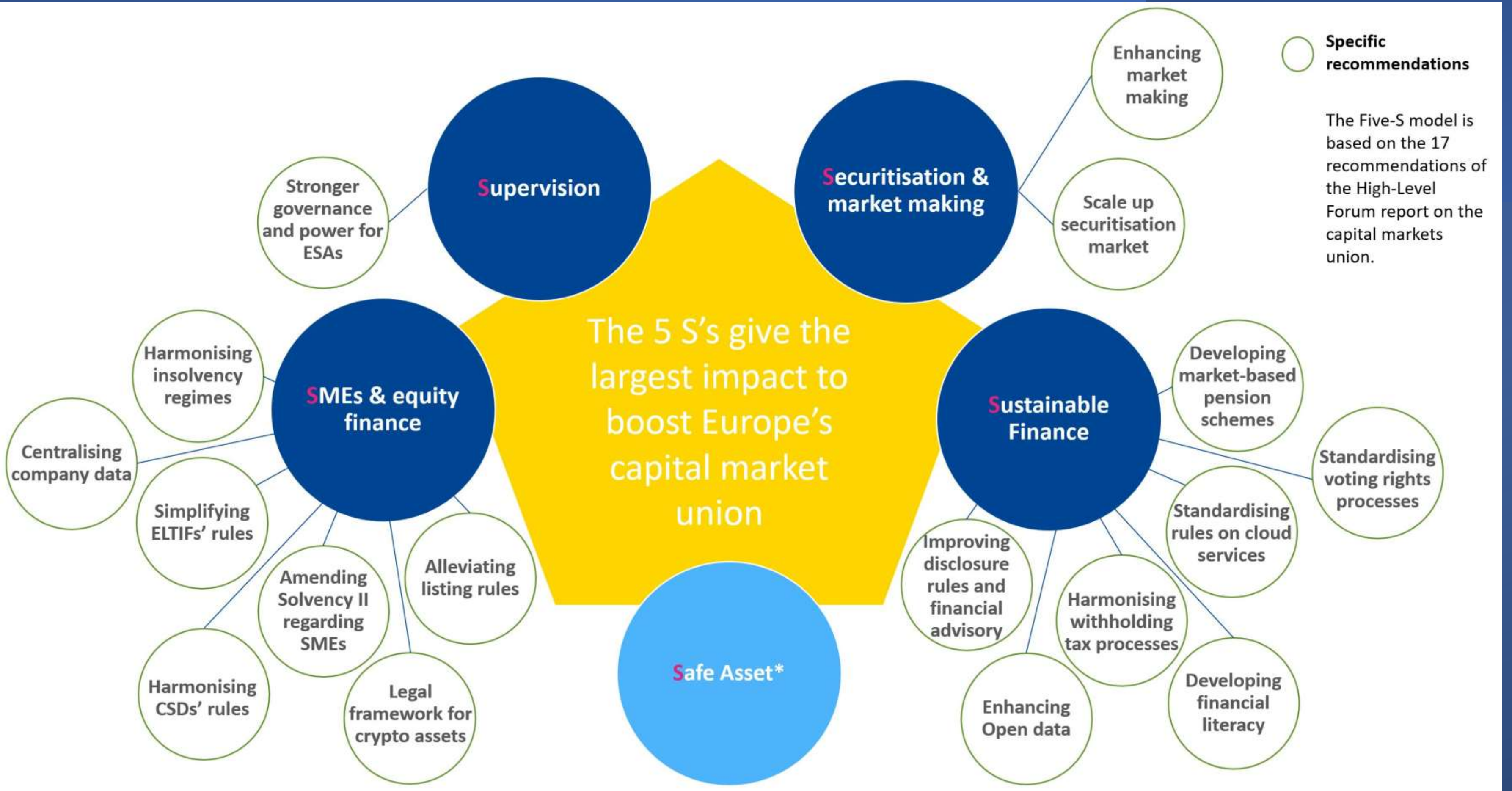
Fragmented EU stock markets can't compete with US

MACRO PROBLEMS

Abide by the Economic Governance Framework

Need to protect level-playing field

Limited EU Budget



April European Council TASKINGS (CMU)

- **Harmonising insolvency frameworks**
- **Fostering investments through targeted convergence of corporate systems**
- **Relaunching the European securitization market**
- **Empowering the European Supervisory Authorities**
- **Improving the conditions for institutional, retail and cross-border investment in equity**
- **Ensuring a level playing field in access to private capital**
- **Implementing an investment/savings product for retail investors; developing pensions and long-term savings products**
- **Strengthening the financial literacy of EU Citizens**
- **Simplifying the financial market regulation framework**

Work done by BE PRESIDENCY

- ✓ **Progress on Corporate Insolvency Directive**
- ✓ **Finalised the Listing Act**
- ✓ **Finalised the Multiple-Vote Share Structure Directive**
- ✓ **Finalised the European Market Infrastructure Regulation**
- ✓ **Finalized the AML package (Anti-Money Laundering)**
- ✓ **Finalized the EMIR package (European Market Infrastructure Regulation)**
- ✓ **Negotiating mandate on the Retail Investment Strategy**
- ✓ **General approach on the FASTER directive (Faster and Safer Relief of Excess Withholding Taxes)**
- ✓ **Negotiating mandate on the proposal to simplify reporting requirements**
- ✓ **Negotiating mandate on the CMDI package (Crisis Management & Deposit Insurance)**
- ✓ **Council Conclusions on financial literacy**

Latest CMU-related Initiatives

- **Eurogroup+ statement** dd. 11 March 2024 calling for a swift introduction of a wide range of measures to bring about the completion of the CMU, during the new legislative term
- Euro Summit dd. 22 March and European Council dd. 17-18 April, pleading to advance work without delay
- Eurogroup+ dd. 12 May endorsing the high-level **CMU roadmap** until end-2025 asking their Deputies (EWG+) to take it forward drawing on existing committees and structures
- Commission and MS need to report and take stock of the performance of the European capital markets. Commission need to report on the progress made on EU initiatives and on capital market developments. Some of this coordination work will be dealt with by the Financial Service Committee.

Latest CMU-related Initiatives

- **CMU will not become effective through financial markets regulation alone.** There are several other prerequisites, in particular **broader regulatory efforts** aiming specifically at: harmonisation of tax frameworks and incentives; convergence of national insolvency, corporate laws and taxation; increasing competition amongst investment banks in order to lower IPO fees.
- Thus, the Eurogroup+ statement includes 3 **priority areas**:
 - Architecture: develop a competitive streamlined and smart regulatory system allowing funds to be better channeled into innovative EU businesses with greater liquidity, risk taking and risk sharing
 - Business: ensure better access to private funding for businesses to invest, innovate and grow
 - Citizens: increasing access to profitable investment opportunities

Latest CMU-related Initiatives

- Eurogroup+ statement includes specific **measures**:
 - Develop the EU securitization market to allow for the efficient and transparent transfer of risks
 - Further supervisory convergence of capital markets accross the EU
 - Reassess the regulatory framework to reduce regulatory burden and transaction costs for market participants
 - Target convergence of national corporated insolvency framework
 - Further harmonize accounting frameworks
 - Improve conditions for institutional, retail and cross-border investment in equity, in particular in growth/scale up venture capital

These reforms will be done **sequentially**, in stages.

CMU is also linked to some key next steps

- Strategic Agenda 2024-2029
- Hungarian Presidency of the Council of the EU
- Report of Mario Draghi on the future of EU competitiveness
- A new horizontal strategy for a modernized Single Market
- Implementation economic governance reform
- New Multiannual Financial Framework after 2027

Europe

EU head asks Draghi to advise bloc on boosting competitiveness

By Reuters

September 13, 2023 4:55 PM GMT+2 · Updated 9 months ago



Hungary takes over the Presidency of the Council of the European Union at a time of extraordinary circumstances and challenges. Our continent is facing common challenges due to the war in our neighbourhood, the EU lagging more and more behind its global competitors, a fragile security situation, illegal migration, the vulnerability of international supply chains, natural disasters, the effects of climate change, and the impact of demographic trends. Furthermore, as 2024 is a year of transition, the Hungarian Presidency will have to ensure the continuity of work in the Council, in cooperation with a newly established European Parliament and European Commission, and will have to start the implementation of the Strategic Agenda 2024-2029, setting out the long-term guidelines for the Union's future work. The Hungarian Presidency and Europe must be prepared for the fact that wars, armed conflicts, humanitarian crises in the world, and their aftermath will continue to challenge the continent in the second half of 2024.

Hungary will work as an honest broker, in the spirit of sincere cooperation between Member States and institutions, for the peace, security and prosperity of a truly strong Europe.

Hungary's priorities for its Presidency have been determined with this in mind.

1. New European Competitiveness Deal

In the current international context of multiple challenges, where Europe is lagging behind its global competitors, it is vital to improve the productivity and thus the competitiveness of the Union and its Member States, and to stimulate growth. It is in our common interest to address the effects of the difficult economic circumstances of the recent years, such as high inflation, increased public debt, high energy prices, fragmentation of international supply chains, or lower European productivity and slower economic growth compared to our competitors, and to put the EU economy back on an upward trajectory. Therefore, the Hungarian Presidency will place a strong emphasis on improving European competitiveness, integrating this objective into all policies, by applying a holistic approach. Our aim is to contribute to the development of a technology-neutral industrial strategy, a framework for boosting European productivity, an open economy and international economic cooperation, as well as a flexible labour market that creates secure jobs and offers rising wages in Europe, which is a crucial factor to growth and competitiveness.

The adoption of a New European Competitiveness Deal is a key priority of the Hungarian Presidency in order to restore economic development and create the conditions for sustainable growth, deepen the internal market, focus on supporting small and medium-sized enterprises, promote the green and digital transition in partnership with European economic stakeholders and citizens, international cooperation, and ensure the stability and sustainability of jobs.

Thank you!

