

Proposal for Skopje Spring Congress 2020

Proposal
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LYMEC Spring Congress, April 3 to 5, 2020 in Skopje

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Status: accepted rejected transferred to _____

The Skopje Spring Congress 2020 may decide:

1 European Capital Markets Union

2 Considering that:

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- 4 • European firms and individuals still face considerable degrees of inequality when it comes
- 5 to their financing costs, terms and possibilities, with Greek companies commonly
- 6 borrowing at 2-3% higher interest rates than their comparable German counterparts.
- 7 • the differences in the cost of credit are a cause for concern, since they prevent various
- 8 actors of the European economy from enjoying a level playing field.

- 9 • there is significant evidence to suggest that countries most prone to bank-dominated
- 10 financing have been hit the hardest by the last recession, further demonstrating the need
- 11 for more diversified sources of funding.
- 12 • Europe's fragmented equity markets prevent companies (especially
- 13 collateral-constrained startups) and their potential investors from collaborating in an
- 14 efficient manner, with countless business projects failing to gain momentum as a
- 15 consequence.
- 16 • lack of legal harmonisation of financial regulation hinders the possibility of cross-border
- 17 investment and risk-sharing.
- 18 • the profound divisions between national capital markets tend to make individual countries
- 19 more exposed to local economic shocks, with consumption dropping dramatically as a
- 20 result.
- 21 • as Brexit unfolds, the loss of the British liquid capital market raises the urgency of the
- 22 issue.

23 LYMEC calls for:

- 24 • the creation of a cohesive framework for capital market integration across the continent
- 25 • the lowering of legal barriers for non-EU investments making their way into the continent.
- 26 • the European Commission to pursue policies that allow for a reduction of the dependence
- 27 on bank-funding and a diversification of the sources of capital available to SMEs.
- 28 • following the example of Germany, France and the Netherlands in their practice of legal
- 29 harmonisation of the capital markets on an EU-wide level.
- 30 • The implementation of a centralized mechanism that allows for the improvement of
- 31 insolvency practices in order to decrease interest costs by a significant margin.

Attention: This is a preview! The official text is printed in the proposal book for Skopje Spring Congress 2020 03 - 05 April 2020.