***Danuta Hübner***
***Chair of the Committee on Constitutional Affairs, European Parliament***

# *Capital Markets Union: way forward*

*Speech at the conference "Capital Markets union: supporting European Manufacturers" organised jointly by the European Forum for Manufacturing and AFME*
*17 February 2016, European Parliament, Brussels*

As usual, we could hear a variety of views but surely we all agree that Europe needs growth.

I would like to leave with you three messages:

First, we have been putting emphasis on a growth agenda for Europe for years. Indeed, a lot has been done through public action. We have an EU budget with structural funds, we now have the EFSI which triggered already 50 billion euros of investments in Europe, and we have had an extremely accommodative ECB monetary policy for years. Yet we do not have growth in Europe.

All in all, we have to admit that, although a lot has been done on the public side, the unused potential of public action does exist.

Last Monday, president Draghi was just explaining that, according to ECB analyses, half of the timid recovery of the last years had been due to the accommodative monetary policy stance, and the other half was due to low oil prices.
These numbers speak by themselves.
Mot worrying, however, is that Europe needs more genuine private investment. This is what we need the Capital Markets Union to help us achieve. It can help channel savings to investments and more precisely to investments in the real economy so that they can trigger growth, jobs and competitiveness.

Second, we all see a need to have a diversity of sources of funding and of approaches. We need to cater for this diversity and try and find ways to enhance all financing channels.
We have to look at securitisation, private placement, the markets for which are very small in Europe compared with what exists in the US, at venture capital funds on which projects are upcoming, at social funds, at business angels, at crowdfunding, at the ways of supporting these actors and promoting them. We need to reassure banks that the CMU project is aiming at more diversification but is not intended to weaken the role of banks, as banks and capital markets are complementary. We need to have market infrastructure on board and involve CCPs and exchanges.

Thirdly, a strong effort from policy makers, hopefully without getting in the way of diversity, is even more necessary since now, unlike over the recent years, the global environment is not conducive to higher growth. The momentum coming from emerging economies is being lost and low oil prices have resulted in low investment in energy harming economies which are highly depending on commodities. The issue of China and its Market Economy Status produces uncertainty. There is an ambiguity there: we in the EU want to see more Chinese investments coming, in particular into the EFSI, but at the same time there are strong worries over unfair competition in some sectors.