Report from the Commission to the Council and to the European Parliament "Accelerating the capital markets union: addressing national barriers to capital flows" (COM (2017) 147 final)

FINAL DOCUMENT APPROVED BY THE COMMITTEE

The Finance Committee of Italy's Chamber of Deputies,

Having examined, pursuant to Rule of Procedure no. 127, the Report from the Commission to the Council and the European Parliament "Accelerating the capital markets union: addressing national barriers to capital flows" COM (2017)147 final;

Whereas:

The report takes stock of the current state of implementation of the Action Plan for the union of capital markets as part of a mid-term review of the same Plan;

The decision to monitor the state of implementation of broad-spectrum policies, including the capital markets union, is very much to be welcomed because it allows us to ascertain the extent to which strategies adopted at the European level have been translated into practical action, and because the review of the results achieved to date will enable appropriate changes to be made to the Plan;

The capital markets union, one of the most important initiatives to be taken at the European level in recent years, is a response to the sudden eruption in 2008 of the worst economic and financial crisis since the Second World War;

The project is one of several intended to safeguard the financial sustainability of the European Union and minimise the damage wrought by the credit crunch, which was caused by the vulnerability of both the real economy and the banking system;

The situation of crisis that continues to obtain in the banking systems of some Eurozone countries requires the activation of alternative conduits through which savings can be channelled into productive investment, by extending the scope of action of institutional investors such as pension and insurance funds, and by replicating the most successful experiences of non-EU countries that have followed this approach;

The peculiarities of the Italian economic system need to be carefully considered if such an approach is taken. For example, around 47% of jobs in Italy are provided by micro-businesses and small enterprises, whose levels of debt are higher than the EU average, and which are almost exclusively dependent on the banking system for credit;

The European Commission's objective is to encourage the greater cross-border mobility of capital and the more productive deployment of the same by removing regulatory, administrative and bureaucratic obstacles;

The European Commission's plan to give a fresh impetus to the securitisation market is particularly pertinent to this end. Securitisation is an effective way of reducing the volume of non-performing loans, which can be repackaged and sold to qualified investors. In this regard, it is worth noting that on 30 May 2017 the co-legislators of the European Union, namely the European Parliament and the Council of Ministers, agreed on a Proposal for a Regulation laying down common rules on securitisation within a European framework (COM (2015) 472);

We applaud the adoption on 30 May 2017 of the Proposal for a Regulation of the European Parliament and of the Council amending EU rules on European venture capital funds and on European social entrepreneurship funds (COM (2016) 461), which ought to pave the way to the release of greater resources for innovative enterprises and start-ups;

Further and welcome proof of the determination of the European Commission to press ahead with the capital markets union is to be found in the presentation on 8 June 2017 of a Communication describing the state of implementation of the Action Plan two years after its launch. The Communication shows that around two thirds of the 33 planned actions have been put into effect, and sets out a timetable for the presentation in the coming months of new Commission proposals, which include: a legislative proposal for a pan-European pension product for individuals; a legislative proposal for a common EU framework for guaranteed bonds that will help banks fund their loans; a legislative proposal to reinforce legal assurances on the cross-border holding of securities;

The UK's decision to start the process of leaving the European Union may open up an opportunity to divert some of the capital currently listed on the London Stock Exchange to the financial markets of Europe;

Mindful that the present final document needs to be forwarded without delay to the European Commission as part of the political dialogue, as well as to the European Parliament and the Council;

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A FAVOURABLE OPINION

with the following remarks:

a) As it proceeds with European-level negotiations and participates in the subsequent phase for the mid-term implementation and revision of the capital markets union, the Government must take steps to ensure that the initiatives already adopted as well as those proposed by the European Commission do not prejudice growth opportunities both for savers and for the national production system, and must take proper account of the persistently high propensity of Italians to save, which is reflected in the weakness of the venture capital and private equity markets, the listlessness of the Italian stock market, and the continuing reluctance of Italian companies to leverage risk capital;

b) The difficulties faced by Italian companies, especially SMEs, in obtaining funds, aggravated by the financial crisis and the increasingly severe credit crunch that followed, should inspire us to seize the opportunity afforded by the development of the capital markets union to discover and develop alternative non-bank credit instruments, such as commercial paper and mini-bonds, which small enterprises can use to finance their business activities and thus become more competitive;

c) The process of harmonising European capital markets must at all times safeguard the positive aspects of national systems, which will require the rigorous enforcement of the principle of proportionality so that the costs and benefits of harmonisation may be properly evaluated;

d) The adoption of unified European texts should be promoted so as to consolidate existing legislation and the rules that the European Commission intends to adopt, and seek to mitigate the negative consequences of “gold-plating”, which occurs when European rules are transposed to the national level in a manner that effectively leads to a form of unfair competition;

e) As far as the free movement of capital and the promotion of innovative credit instruments are concerned, we appreciate the progress already made with the recent approval of the proposals for securitisation and venture capital, and hope to see their full implementation as quickly as possible so that the European Union's markets might soon operate on a par with more advanced markets, beginning with those of the United States;

f) We agree on the need to support measures that will streamline administrative and bureaucratic obligations and requirements on the cross-border mobility of capital, encourage more advanced forms of investment and increase the real economy's access to credit, insofar as we believe that these administrative obligations lead only to unnecessary complications and do not respond to real needs.