

2 October 2008

STATEMENT AHEAD OF MEETING OF EUROPEAN G8 MEMBER COUNTRIES

In view of the meeting of the Heads of State and Government of European G8 member countries and the President of the European Commission, the Presidents of BDI (Germany) CBI (UK), Confindustria (Italy), MEDEF (France) and BUSINESSEUROPE have made the following comments:

They wish to express their support to the President of the European Council, Mr Nicolas Sarkozy, for the initiatives he has taken and underline the need to come to a common understanding of the way the economic and financial crisis has to be managed. They hope that these actions will also be encouraged by the European Council which will meet on 15 and 16 October 2008.

Since an unprecedented financial crisis which started in the United States is now deeply affecting Europe, European business representatives urge governments to ensure the stability of financial and banking systems and to guarantee, for the sake of a sound economy, a smooth distribution of credit.

Actions are needed at European, transatlantic and at international level to foster a global dialogue to reinstate the proper functioning of financial markets. Therefore measures will have to be taken to:

- strengthen regulation where needed, also taking into account the acceleration of an integrated European financial services market;
- put in place a real, efficient and in-depth coordination of supervisory bodies in the financial sector to guarantee transparent information;
- review IFRS accounting standards - as one of the first priorities - in order to move away from a pro-cyclical mark-to-market approach that has done much to weaken the soundness of financial sectors, and to review fair value where no proper market exists;
- adapt the rules concerning rating agencies.

An improvement in the economic situation is possible in Europe bearing in mind favourable developments in the prices of energy and raw materials, the fall in the euro exchange rate and the prospect of lower interest rates early in 2009 as inflationary pressures ease. In the present circumstances, companies stress the importance of urgent approaches to restore the confidence of all parties, to stimulate growth and job creation, and to modernise international financial institutions at world level.



The good performance of extra-European exports demonstrates that European companies are able to come to grips with global competition. Therefore it is absolutely vital that no political or regulatory initiative, at national or European level, should be adopted that could weaken their competitiveness.

The President of the Business confederations of European G8 member countries and BUSINESSEUROPE emphasise the need, now stronger than ever for an enhanced economic cooperation and dialogue in the EU.

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