

THE DIRECTOR GENERAL

Mr Joaquín Almunia  
Commissioner for Economic and Monetary affairs  
European Commission  
rue de la Loi 200  
1040 Brussels

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### **Access to short term financing for European companies**

Dear Commissioner,

The difficult situation in credit markets and restricted access to financing, including for short term liquidity needs, is of growing concern to European companies. BUSINESSEUROPE warns against a wait-and-see approach which would be costly in terms of foregone growth and investments and could inflict substantial disruptions to the economy at large.


Commercial banks are rebalancing their credit risk exposure to companies in order to de-leverage their balance sheets and are reluctant to assume their role of financial intermediary. Proper incentives must be put in place to encourage a return to lending and capital market activities consistent with investment and economic growth. This should be done by speeding up and increasing the effectiveness of bank rescue plans and by promoting more targeted initiatives such as public loan guarantees and risk-sharing schemes to support a continued flow of financing to companies.

Despite the welcome broadening of eligible assets to be used as collateral in the lending facilities of the European Central Bank, commercial paper and other corporate bond markets remain under severe strain even for well-rated investment-grade companies. To alleviate this situation, exceptional measures should be considered. For example, governments and central banks could explore options for temporary schemes to buy commercial paper and other debt instruments directly from companies.

In the difficult months ahead, it should be the permanent concern of policy makers to ensure that viable businesses can access financing and will not file for bankruptcy as result of short-term liquidity constraints. In this respect, we believe that a dialogue between the business community and policy makers should be reinforced to develop together the most appropriate solutions to re-establish the effectiveness of financial markets.

We strongly encourage the European Commission to ensure that this issue will be discussed in the Council as a matter of urgency.

Yours sincerely,



Philippe de Burck