

BUSINESSEUROPE



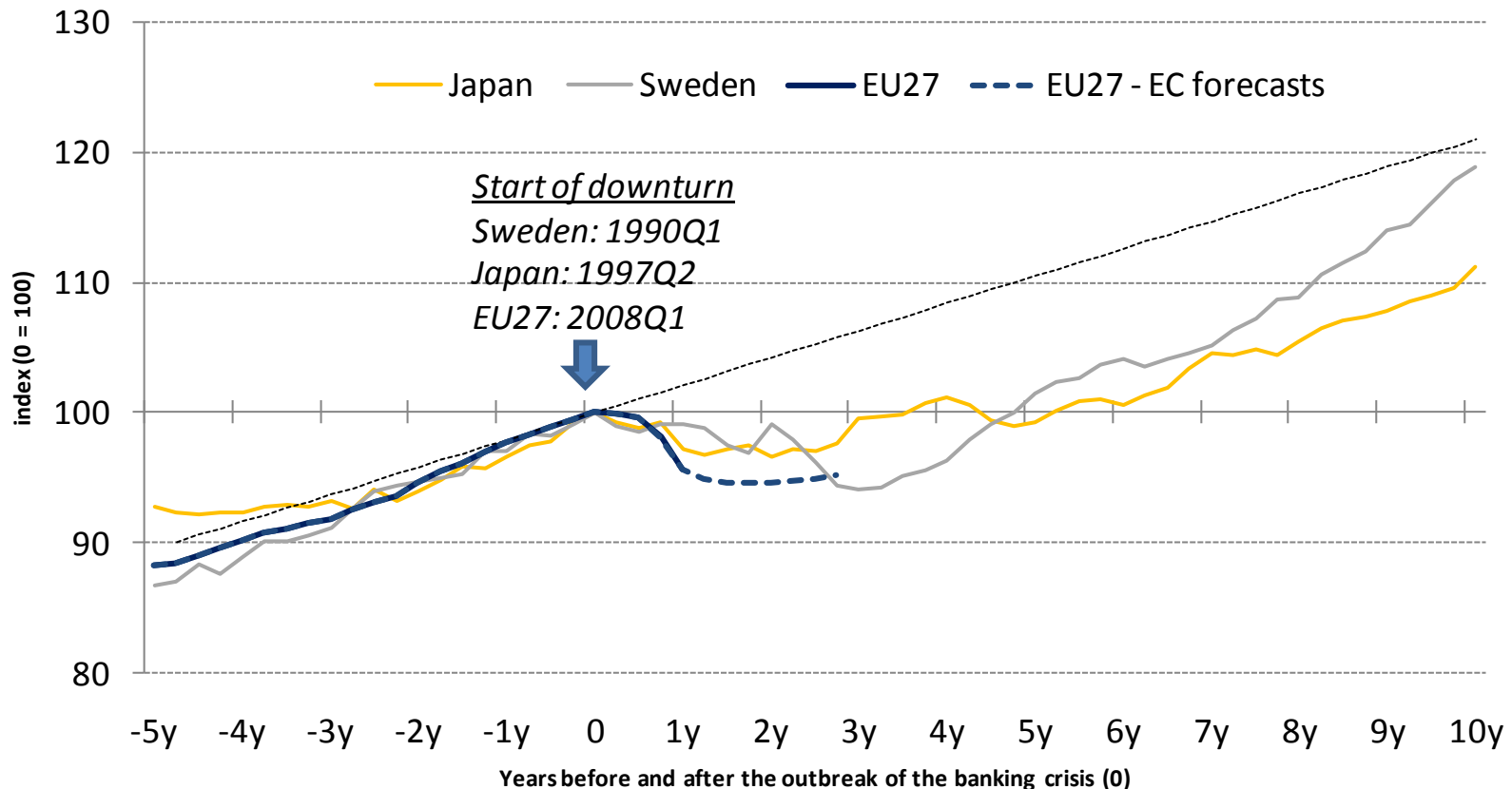
CEBRE conference
“how to handle the crisis”
17 June 2009

Marc Stocker

Lessons from past banking crisis: avoid complacency, act decisively

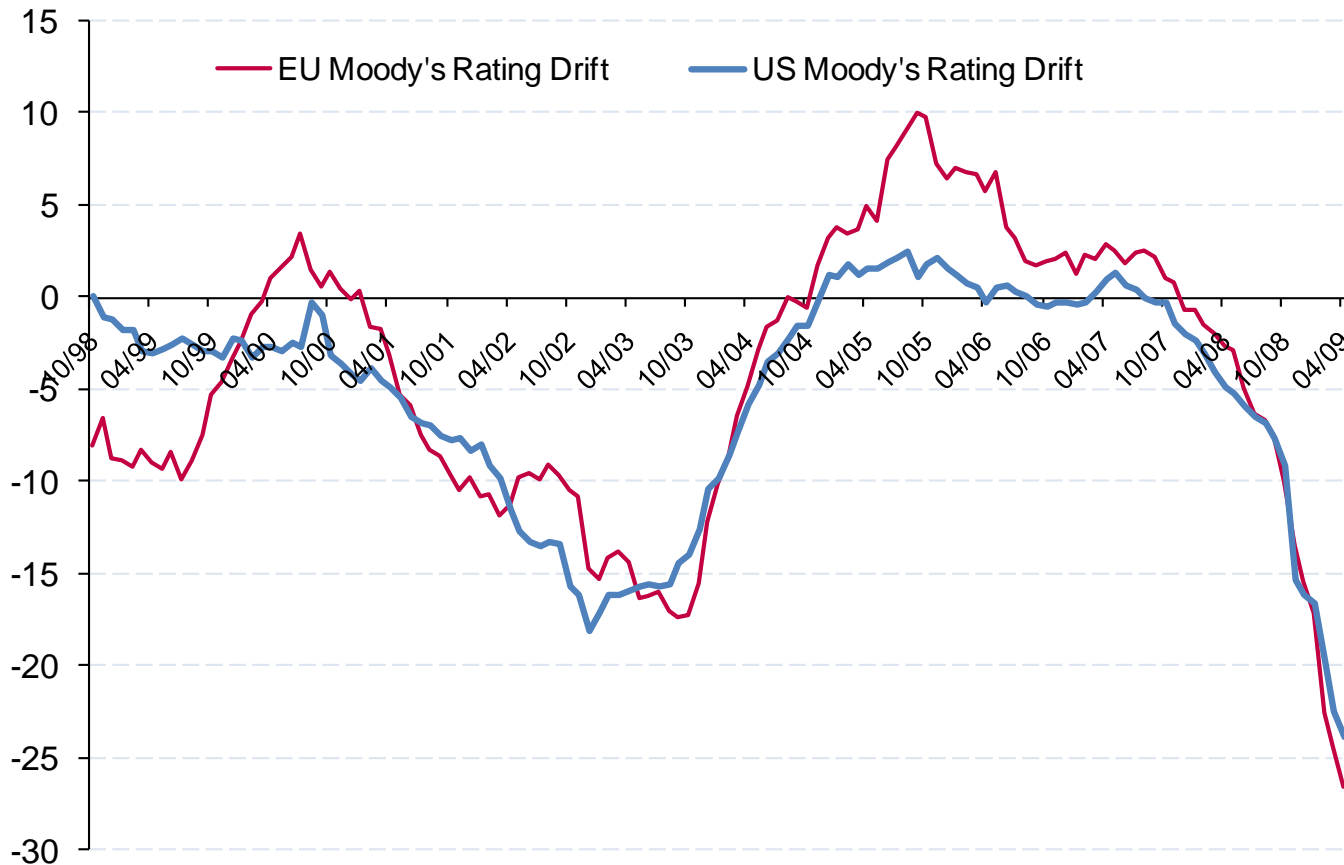
Is Europe heading towards Sweden or Japan's experience?

Real GDP level before and after banking crises



Risk of escalation in the recession: growing pool of non-performing assets

Companies' rating are being downgraded at an historic pace



Main challenges ahead

1. Fix financial sector problems:

Quick and calibrated response is a precondition for recovery

2. Address rising unemployment:

Short-term measures will not suffice

3. Limit propagation in vulnerable Member States:

EU safeguards for non-euro Member States, but also within the eurozone

4. Restore confidence in public finances:

Beef-up the Stability and Growth Pact with stronger link to reforms



EU response to the credit crisis

- **European Investment Bank:**
 - €70 bn of loans for 2009, risk-sharing scheme under test
 - Working capital and trade finance: EIB steps in for SMEs!
- **Central banks:**
 - BoE expands quantitative easing strategy
 - ECB announces far-reaching measures
- **European Commission:**
 - State Aid rules and the crisis
 - Financial reforms



Important areas of work

- **Trade finance:**
 - Consistent EU framework needed
- **Bank bailout plans:**
 - Common approach to evaluate banks' solvency
- **de Larosière / Commission report :**
 - Increased convergence and coordination of supervisory rules
- **Role of capital markets:**
 - Growing importance for the recovery

