



Mr Rimantas Šadžius

President of the European ECOFIN Council
Lukiškių street 2
LT 01512 Vilnius

11 October 2013

Dear President,

We have seen positive news during the summer regarding improvement of the general economic climate, with the EU growing slightly in the second quarter of the year and business confidence showing the first signs of starting to pick up. But the current constraints on access to credit in the majority of Member States are likely to become increasingly biting, in the absence of supportive policy measures.

Access to finance needs to be treated as a key factor in the EU competitiveness policy. It needs to be enhanced through a variety of EU policies and measures, including:

- Repairing systemic weaknesses in financial markets;
- Committed implementation of the "Growth and Jobs" Compact. The EUR 120 billion investment package outlined in the Compact for Growth and Jobs is in place but has not yet been used to its full potential and EU institutions and Member States should do their utmost to ensure that all the elements of the Compact are rapidly implemented;
- Introduction of innovative SME-gearred financial instruments.

Against this background, we were very pleased to note, in the conclusions of the June 2013 European Council, that it agreed on expansion of joint risk-sharing financial instruments between the European Commission and the EIB to leverage private sector and capital markets investments in SMEs. This was a very positive move following the joint Commission and EIB report (June 2013) on increasing lending to the economy, with particular proposals for a new SME Finance Initiative. These proposals are seen by BUSINESSEUROPE as one vital element in a renewed EU growth strategy.

The joint Commission-EIB report has presented three technical options for a new instrument, involving guarantee schemes and/or securitization schemes. If well designed, each option has a significant potential for improving SME access to finance. We recognize the importance of securitization markets to increase liquidity and supply of credit to SMEs and consider that investors' confidence must be restored to enable its sustainable recovery. With regard to the proposed securitization schemes, it is essential that any retained model:

- Covers securitized products with sound risk profiles, underpinned by a high level of transparency regarding the underlying claims;

- Ensures that the banks have incentives to undertake responsible risk-taking by maintaining a clear link between the originator and the securitized credit portfolio and
- Excludes the legacy assets in banks' balance sheets from the scope of the instruments, where it is known that the value of assets is likely to have decreased.

We very much count on you, as President of the ECOFIN Council, to ensure that discussions are sufficiently progressed at both political and technical level to enable the European Council to make a final decision on the parameters regarding the design of the new instrument in time for it to begin operation in January 2014, as agreed at the June European Council.

We thank you very much in advance for your support.

Yours sincerely,



Markus J. Beyerer