



*European Economic and Social Committee
The President*

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The 9th China International Finance Forum

Staffan Nilsson's opening speech

Seul le texte prononcé fait foi
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Check Against Delivery

Dear Chairman, Dear Ladies and Gentlemen, Dear Organisers, Dear Participants,

It is a great joy and privilege to be here. I would like to thank the Organizing Committee of China International Finance Forum for inviting the European Economic and Social Committee to take part in the debate, and in particular for the honour that has been given to me as the EESC's President to address you at today's Financial Forum.

I have visited China many times. China is one of our most important partners in our external relations action; we keep a regular dialogue, since 2007, with the Chinese economic and social council.

For those not familiar with the EESC, we are an official EU body which represents organised civil society within the institutional framework of the EU. This means we have a formal consultative role in the EU legislative process in most policy areas that the EU deals with. However, we are also actively engaged in building and maintaining relations with civil society in non-EU countries.



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Over the past year we have been particularly active in engaging with our partners, the Chinese economic and social council. The purpose of this dialogue, which is done through what we call The EU-China Round Table have proven to be a very useful tool for putting across the demands and recommendations of civil society organisations to the EU and Chinese political authorities.

Please let me stress that trade and investment relationship with China has become a major source of wealth, jobs, development and innovation for both sides, the EU and China. All European countries are facing challenges, synergies but also complementarities of the bilateral trade between the EU and China. These complementarities and synergies between the economies have been used to good effect to overcome the sovereign debt crises.

I am very happy to say that the Co-operation between EU and China has also been developed for many areas, ranging from science to space and energy to environment. Further, reinforced cooperation on structural reform, hi-tech investment and innovation could also be useful for both sides. This cooperation should not only be promoted among the governments and the European institutions but could also cover other fields, like the business dialogue. As representative of civil society, I would like to engage a civil dialogue with civil societies, but also promote "*people to people contacts*" between China and Europe.

Ladies and Gentlemen,

In the long run, innovation capacity is a key driver of growth. Successful investment in research and innovation can boost productivity and the competitiveness of European businesses. Regional policy in the coming years will focus most of its resources on improving our business environment for a sustained and competitive growth in Europe. More funds than ever will be dedicated to research and innovation and to SME support.

Let me please emphasize that Europe's economic recovery can only be achieved, if SME policy is high on the agenda of European policy makers. However, the involvement from the EU Member States is crucial as well. The Member States should implement the action plan to improve access to finance for SMEs to develop guarantee funds and use structural funds for financial instruments.



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In this context, the European Commission has recently adopted an "*Industrial performance scoreboard*", stating that **Bank lending** is still by far the main source of access to **finance for SMEs**. Since the beginning of the financial crisis, SMEs have been particularly affected by tightening credit conditions and face difficulties in accessing financing. As a result of the slowdown, debt financing has become more expensive and difficult to obtain, and alternative financing instruments are often not fully developed in the EU Member States. The survey results show that access to bank loans has continued to deteriorate; on balance, SMEs reported a worsening in the availability of bank loans (20 %, up from 14 % in the previous survey round). In this respect, the Committee fully supports regulatory and financial measures aiming at reinforcing debt finance and guarantee instruments for SME growth.

Let me please stress that financial markets are there to serve the real economy – not the other way around. Markets have been transformed over the years and our legislation needs to keep pace. The crisis serves as a reminder of how complex and fragile some financial activities and products have become. This needs to be changed. What we really need are **new instruments** that lead to better, safer and more open and transparent financial markets.

Let's turn now to one of these new important instruments- the **Banking Union**: a legislative package of proposals for a single supervisory mechanism (SSM) for banks in the euro area, which will be an important step in strengthening the Economic and Monetary Union (EMU). In the new single mechanism, ultimate responsibility for specific supervisory tasks related to the financial stability of all Euro area banks will lie with the European Central Bank (ECB). The Committee will draw up an opinion on these proposals in the near future, where (I'm sure) it will strongly support these new instruments.

The Committee also welcomes the new instruments, introduced by the **MiFID Directive**, which establishes a regulatory framework for the provision of services in financial instruments, such as brokerage, advice, portfolio management, underwriting of new issues and the way investment and other banks operate, and for market operators' transactions on regulated markets. The Committee can strongly support the overarching objective of the directive as to increase the transparency and efficiency of trading and limit market volatility, but also to increase the integrity of intermediaries and protection of investors and open European markets up to genuine competition in financial services provision.



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Ladies and Gentlemen, let now turn to another important EESC priority - the **legislative framework to combat late payment in commercial transactions**: the EESC considers that the improvement of this legislative framework to combat late payment and reduce payment periods is extremely important and useful. It seems that the existing, legislative measures are not sufficient to eliminate late payment. A range of complex measures therefore needs to be developed together with increased cooperation at all levels.

The EESC therefore advocates the need for short, mandatory payment periods for all authorities and public institutions at European, national, regional and local levels. The Committee believes that the proposal for a directive requires certain improvements, with regard to both public procurement and commercial transactions. It emphasises that, in order to fully achieve the aim of the directive, measures are needed to increase SMEs' access to public procurement, so that they can benefit to a greater extent from the rules laid down.

I will therefore **conclude as follows**: We strongly need new instruments and measures that lead to better, safer and more open and transparent financial markets. These tools should as soon as possible be implemented so that the effectiveness and stability of the financial market is further developed and guaranteed.

Ladies and Gentlemen,

I wish for your conference a fruitful exchange of ideas and results that point to the future. We will note the outcomes with great interest in the European Economic and Social Committee.

Thank you for your attention.

For further details:

Coralia Catana | EESC President's Spokesperson

+32 (0)25469963 | +32 (0)498984613

E-mail: coralia.catana@eesc.europa.eu | president.eesc@eesc.europa.eu

Internet: <http://www.eesc.europa.eu/?i=portal.en.staffan-nilsson-speeches>