Press release

Unlocking Europe's capital markets union
by Hugo Dixon

Jean-Claude Juncker's European Commission should produce a detailed action plan to create a capital markets union by early 2015, according to a new Centre for European Reform report. The key building blocks should all be in place by the time it leaves office in 2019.

The new report – 'Unlocking Europe's capital markets union' – argues that a genuine EU capital markets union would be a big prize. It would give the EU more ways of funding investment and creating jobs, and help it to weather macroeconomic shocks. As a bonus, it would also cut the risks of Britain quitting the EU, as the City of London would be a big beneficiary of an expansion of EU capital markets.

The report by Hugo Dixon stresses two guiding principles for policymakers;

- The emphasis should be on lifting barriers that prevent both the growth of capital markets within member-states, and the development of integrated pan-European markets.
- The subsidiarity principle should be respected. This means, in particular, that there is no need to transfer the power to supervise capital markets from national authorities to EU institutions.

For a capital markets union to fulfil its promise, action is needed across a broad spectrum of markets. The paper's specific proposals include:

★ Shadow banks should be given an EU passport.

★ Member-states should stop their tax discrimination against equity.

★ The 10 EU states committed to a financial transaction tax (FTT) should abandon it and switch to a financial activities tax (FAT).

★ Private placements should enjoy lighter-touch regulation.

This report is available here.

About the author:

Hugo Dixon is editor-at-large of Reuters News, and founder of Reuters Breakingviews. He is the author of "The In/Out Question: Why Britain should stay in the EU and fight to make it better".

Notes for editors:

1. For media enquiries please contact the CER on either +44 20 7233 1199 or at info@cer.org.uk.
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