



RESOLUTION:

**DIVERSIFYING EUROPE'S CAPITAL MARKET: FACILITATING INNOVATION,
ENTREPRENEURSHIP AND GROWTH**

Adopted at the YEPP Council of Presidents
In Athens, Greece, on the 6th of the December 2014

Recognising:

- European economies are highly dependent on Europe's banking sector as a source of Capital. 56% of global banking assets are held by European banks with only 14% and 13%¹ by those in Asia and the US respectively. Banks account for 80% of corporate loans in Europe;
- The European venture capital market delivers negligible returns in comparison to competing markets such as the US² and is increasingly funded by state sources (up from 14% in 2007 to 38% in 2013³);
- Many European businesses and families do not have sufficient access to credit. The 2013 SME's Access to Finance survey identified access to financing as one of the most pressing problems facing European SMEs⁴;
- Innovation, entrepreneurship and new technological development are central to the development of a sustainable European economic recovery.

Acknowledging:

- The prioritisation of the development of a Capital Markets Union by Commission President Jean-Claude Juncker and Commissioner Hill;

¹<http://www.helgilibrary.com/indicators/index/bank-assets-as-of-gdp>

²<http://www.evca.eu/media/199202/2013-pan-european-private-equity-performance-benchmarks-study-evca-thomson-reuters-final-version.pdf>

³<http://www.evca.eu/media/142790/2013-European-Private-Equity-Activity.pdf>

⁴http://ec.europa.eu/enterprise/policies/finance/files/2013-safe-analytical-report_en.pdf

- The establishment of the European Investment Fund in 1994 which administers c.€600 million of Europe's €4billion venture capital market;
- That likely implementation of the Transatlantic Trade and Investment Partnership in the near future and therefore the need for European companies to better compete with US competitors;
- That the "Free Movement of Capital", established as one of the four freedoms central to the European single market, has yet to be fully realised.

YEPP calls for:

- European Commission to speedily implement the necessary reforms to realise the "free movement of capital" within the European Union;
- The further development of the European Banking Union to ensure financial stability and a healthy flow of credit for businesses and families in the Eurozone;
- That EU capital funding targets young entrepreneurs and technological development;
- The utilisation of European Structural Funds to improve European infrastructure necessary to facilitate a competitive European high tech industry.